Assets for Independence Act Evaluation: Second Annual Site Visit Report

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Executive Summary

This report presents the findings from the second year of the process study associated with the national evaluation of the Assets for Independence Demonstration, a federal program that provides funding to individual development account (IDA) projects nationwide. The demonstration was established in 1998 through congressional enactment of the Assets for Independence Act (AFIA).

This report describes the experiences of six AFIA projects in developing and implementing their IDA initiatives. The report contains (1) an overview of the Assets for Independence Demonstration program and the congressionally mandated national evaluation, (2) case studies of each of the six projects visited in 2002, and (3) a cross-site assessment of promising practices and other lessons learned.

This Executive Summary focuses on the first and third of these elements, an overview of the national evaluation and of the promising practices and other cross-site findings. The case studies presented in the report describe each IDA project in terms of its design and background, administration, recruitment and screening, financial education and training, case management and support services, future plans, and lessons learned regarding IDAs.

Assets for Independence Demonstration Program

The Assets for Independence Demonstration program provides federal funding for state and local IDA demonstration projects nationwide. Under this program, IDAs are personal savings accounts that enable low-income persons to combine their own savings with matching public or private funds for first-time home purchase, business startup or expansion, or post-secondary education.

Under the demonstration program, five-year grants are awarded competitively to non-profit organizations (or state or local agencies or tribal organizations that partner with a qualified non-profit entity). Grantees must raise at least half of the matching funds from non-federal sources. The program is administered federally by the Office of Community Services (OCS) of the U.S. Department of Health and Human Services (HHS).

Participants either must be income-eligible for the federal earned income tax credit (EITC) or must be receiving (or eligible for) benefits or services under a state's Temporary Assistance for Needy Families (TANF) program.[1] Participants must also have assets of less than $10,000 (excluding the value of one's primary dwelling and one motor vehicle). Participants' deposits must be from earned income.

Since the inception of the demonstration program in fiscal year (FY) 1999 through FY 2001, 123 grants have been awarded. These grantees ultimately expect to open some 25,000 IDAs. At the end

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1 Technical amendments in 1999, which became effective in December 2000, revised the income eligibility threshold to 200 percent of the federal poverty level.

of September 2001, the first two cohorts of grantees (those receiving their initial grants from FY1999 and FY2000 funds) reported that 151 first homes had been purchased, 126 small businesses had been capitalized, and 128 participants had advanced their post-secondary education.

Overview of the Evaluation

The national evaluation of the demonstration program is composed of two parts: an impact study and a process study. The findings of the process study are the focus of this report. The two components of the evaluation work together to present a portrait of IDA accountholders and the organizations implementing the IDA projects. The impact study will examine the effects of the demonstration on participants, based on a three-year longitudinal survey of 600 IDA participants nationwide.[2] It will examine the extent to which AFIA-funded IDAs affect participant savings and asset accumulation.

The process study draws upon the findings of two-day site visits conducted each year to selected sites. It examines the experiences of the selected projects, in most cases over two years — how projects evolved, what issues arose and how they were resolved, and how these issues may affect participants' experiences of IDAs.

For the process study, we visited five sites in the first year (2001) and six sites this year (2002). We also expect to visit six sites in the third and fourth years of the evaluation (2003 and 2004). Of the sites visited each year, three are revisited the following year — to examine how projects evolve over time — while three new sites are added each year. Each year's new sites will be chosen from a successive cohort of AFIA grantees; thus, the first year's sites were selected from the FY 1999 cohort of grantees, the second year's from the FY 2000 cohort and so forth.

This year, in the second year of the study, we selected three of the FY 1999 sites from the initial group to revisit, and three new sites from the FY 2000 cohort. The FY 1999 sites that we revisited this year were:

- Mt. Hope Housing Company (Bronx, NY);
- Milwaukee Social Development Commission (Milwaukee, WI); and
- YWCA of Greater Pittsburgh (Pittsburgh, PA).

The three sites visited this year for the first time, members of the FY2000 cohort, were:

- Tulane University (New Orleans, LA);
- Sonoma County People for Economic Opportunity (Santa Rosa, CA); and
- Williamsburg Enterprise Community Commission (Kingstree, SC).

[2] The impact study is non-experimental. That is, it does not randomly assign individuals into a treatment group (which receive IDAs) and a control group (which would not receive IDAs). Instead the data on participants will be compared to available national data on eligible nonparticipants in the general population. Comparison data on nonparticipants will come from the 2001 panel of the Census Bureau's Survey of Income and Program Participation (SIPP).

Site visits were conducted in May and June of 2002.

These sites were selected purposively — not randomly — in conjunction with HHS to encompass diversity along characteristics regarded as important in understanding project operations. Among the selection criteria used were: type of grantee organization, IDA project size, region of the U.S., and urban or rural setting. We considered only IDA projects that had ten or more funded accounts to ensure some minimum level of project scale. Thus, the sites selected are not intended to be representative, but rather illustrative of the range of project models that exist among AFIA grantees.

As intended, the selected sites do indeed vary considerably. Two of the sites (Milwaukee and Williamsburg) are part of multi-site grants, in which the grantee is an umbrella organization. The number of funded accounts ranges more than tenfold, from 13 at the Williamsburg site to 140 accounts in Pittsburgh. At the time of our site visits, the number of opened accounts ranged from less than a dozen (at the Williamsburg and Sonoma sites) to over 70 accounts (at the Bronx and New Orleans). Two of the projects had filled all of their accounts and had waiting lists (the Bronx and New Orleans sites), while others had many accounts yet to fill (Pittsburgh and Sonoma).

Five of the six sites offered all three authorized account uses (homeownership, small business, and post-secondary education); the Pittsburgh site was available for homeownership only. Match rates range from 2:1 to 4:1. At two sites (Sonoma and New Orleans), match rates vary according to the savings goal, with higher rates for homeownership. There is also variation in the length of time that participants have to attain their goal, ranging from one to four years.

Promising Practices

The visited sites exemplify the maxim that "one size does not fit all" — there are many good possible solutions to common operational challenges. In this section we highlight a number of creative or noteworthy responses to some of the most common operational issues. This is an illustrative, rather than an exhaustive list. The ways that IDA projects address common implementation issues can hold important lessons for project practitioners, as well as for policy makers and others seeking a fuller understanding of the issues faced by projects "in the field."

Forging successful partnerships

Developing and maintaining strong partnerships often takes considerable time and effort. Organizations must establish areas of common interest and negotiate realistic terms for each partner's involvement. Too often, partnerships that seem logical on paper dissolve when faced with the realities of their demands on each of the partners.

The most successful IDA partnerships we observed were ones that had been selected *strategically* — not just because of proximity or convenience, but because they offered something that maximized what each partner could achieve through the relationship and could pass on to its constituency. At their best, these partnerships "stretched" what IDA accountholders were able to realize from their participation.

The ***Milwaukee*** site is using IDAs as one of the building tools for a citywide initiative operated by the Asset Building Coalition, a partnership of 13 local financial institutions and other organizations that promote financial education and asset-building among the city's poor. IDA participants who need intensive financial literacy training are referred to the citywide "Get Checking" program, and then are eligible to open checking accounts at participating institutions.

The ***Sonoma*** site has integrated the homeownership aspects of its IDA project with partner Burbank Housing's "sweat equity" homeownership program in which participants build their own homes. The partnership benefits both organizations. Burbank Housing conducts due diligence for its sweat equity program, thus reducing the burden of pre-screening for the IDA project. The grantee is able to offer IDA participants access to affordable housing on an otherwise high-cost real estate market, while Burbank Housing can offer IDAs as one more financial resource to its participants.

Forming a "brain trust"

In designing and operating on IDA project, a myriad of policy and procedural issues can arise, often unexpectedly. These matters can be difficult to handle with limited organizational experience and resources. Some sites have tapped into other sources of expertise by assembling a committed and engaged group of advisors. At the ***New Orleans*** and ***Sonoma*** sites, these advisors were senior representatives from the grantees' financial partners. Both projects have focused primarily on homeownership, and the organizers felt that decisions on project design should reflect a financial service perspective. Advisory boards have been instrumental in developing policies and procedures, recruiting partner organizations, establishing the framework for the financial literacy curriculum, and selecting financial training contractors.

Identifying those individuals most likely to benefit from an IDA

It can be challenging to balance the desire to make IDA opportunities widely available with the practical imperative to allocate them to those likely to make the most of the opportunity. For projects that have waiting lists, participant selection becomes all the more pressing. The ***Pittsburgh*** site has adopted a triage system that gives everyone the *opportunity* to work toward IDA participation, but *allows* it only for those who are within 12 months of being mortgage-ready. Individuals who work hard to become mortgage-ready are allowed the opportunity to enroll in the IDA project.

Conducting effective outreach and recruitment

At most of the sites we visited, staff indicated that, once a program's reputation is established, word of mouth is among the most effective recruitment mechanisms. Sites varied in how they established such a reputation in the first place.

At the ***Milwaukee*** site, staff credibility was an important factor in recruitment among the initial target population of Laotian and Bosnian/Serbian refugees. One of the IDA coordinators was a member of the Buddhist temple, and the other was related to one of the elders of the Bosnian/Serbian church.

In the ***Bronx*** site, the grantee agency systematically tracked the share of inquiries from each referral source that resulted in an *eligible* participant. In this way it was able to determine which partners provided the highest number of eligible referrals and to focus on relationships with those specific organizations.

Implementing a financial literacy curriculum

Selecting (or developing) and delivering a financial literacy curriculum for accountholders were among the most challenging aspects of establishing an IDA project.

The ***Bronx*** site invested substantial time and effort to develop a money management course in-house, drawing on the best ideas from existing curricula as well as staff members' own ideas. The agency is now exploring ways to recoup some of its investment by marketing the course to other audiences, potentially offering it more widely on a fee-for-service basis.

In contrast, the ***New Orleans*** site realized that it lacked the staff to develop or deliver a curriculum in-house. It chose to contract out this project component. The two selected organizations developed a curriculum according to the project's specifications, deliver the training, and are reimbursed on a per-student basis by the project. The two service providers have also become the project's most active referral sources.

Maintaining participant motivation

The six sites all noted that the most important factors in IDA success are motivation, determination, and the conviction that attainment of the savings goal *is* doable. This is where program supports — "hand-holding," pep talks, and peer support — play an invaluable role. The ***Williamsburg*** site organized a group field trip to a local flea market as an exercise in controlled spending. The ***Pittsburgh*** site adopts a more formal approach, with drop-in peer support meetings made available approximately every three weeks. At these sessions, IDA participants can discuss issues of common concern, hear from experts on "follow-on" topics such as home maintenance, and listen to "graduates" talk about how attainment of their goal has changed their lives.

Leveraging financial resources

Because the administrative requirements of an IDA project can be time consuming, with the available administrative funding very constrained, it is essential to make the most of administrative dollars. Several sites—***Milwaukee***, ***Sonoma***, and ***New Orleans***--have been able to leverage resources effectively by operating several IDA projects at once. They make use of federal funds not only from AFIA but also from HHS's Office of Refugee Resettlement and the Federal Home Loan Bank. Many aspects of implementing an IDA project--such as developing a financial literacy curriculum or an account-tracking spreadsheet system--are no more expensive if undertaken for many participants versus few. "Economies of scale" are thus possible, making it worthwhile to undertake administrative activities that would be hard to justify for a small project.

Other Lessons Learned

Next we turn to a systematic analysis of cross-site patterns with respect to key operational issues. The purpose of this analysis is to identify the most significant cross-site issues faced by the IDA projects. In the report, these findings are discussed with respect to the following operational features:

- Project administration;
- Participant recruitment and selection;
- Financial education; and
- Case management and support services

Project Administration

At all sites, to one degree or another, program staff felt that they had to "learn by doing" largely on their own.

Developing and operating the IDA projects required staff members to conduct tasks that were often new to them. Among the most challenging tasks appeared to be those related to the financial aspects of IDA projects — for example, developing a financial literacy curriculum, counseling participants about the mortgage application process, or negotiating with banks. IDA staff members, who typically come from nonprofit backgrounds, often had little experience in these subjects and learned as they went.

Grantees dealt with these demands in various ways. All sites, to one degree or another, simply "figured it out" as they went along. Several sites contracted out some of these services. The New Orleans site, for example, contracted out the financial literacy training. Some sites relied on other organizations that had greater expertise. For instance, the Pittsburgh site made use of its financial partner's homeownership course. Yet others took pains to involve financial institutions as active project advisors, to supplement their own expertise. At the two multi-site grantees, Williamsburg and Milwaukee, the respective umbrella organizations provided substantial technical assistance.

Especially where financial institutions have a major role, it is essential to negotiate compromises between "social service" and "corporate" attitudes to IDAs.

Where they are sought as active partners, financial institutions can affect an IDA project in significant and positive ways. Financial institutions' input often helped compensate for nonprofit staff members' lack of expertise in financial topics such as financial literacy and loan application requirements. As one respondent noted, "who better than a bank to comment on what makes an attractive loan candidate?"

Fundamental to financial institutions' involvement in IDA projects is that they get something out of their IDA participation, whether it be Community Reinvestment Act (CRA) credit or access to a potential customer base. An important factor, therefore, is often the business "payback" that can be expected to result from their involvement. In Pittsburgh, Dollar Bank requires that IDA participants obtain mortgage loans there. At the New Orleans site, each of the three partner banks has the "right of first review" of the mortgage applications of its IDA accountholders. If participants find a better mortgage deal elsewhere, the bank is given the chance to match or better it. This appears to work well as a balance between consumer choice and recompense for the banks' considerable investment of time and effort advising the project.

Participant Recruitment and Selection

Word of mouth was felt to be a highly effective recruitment method.

With the exception of the Sonoma site, for which it was too early to tell, all the grantees felt that word of mouth was among the most effective recruitment methods.

Experienced grantees have become more strategic about what it takes for participants to succeed.

Our initial visits to sites in the first AFIA cohort (FY 1999) revealed a fairly high tolerance for participants who were struggling and a notable reluctance to turn anyone away. Our second round of site visits suggests that, as projects have accumulated experience with participants who are not doing well, staff have become more strategic and more explicit about what they expect of participants — and less willing to accommodate those who consistently fail to meet requirements. A number of the FY 2000 projects that we visited also demonstrate these characteristics, perhaps having benefited from the lessons learned by the earlier generation of IDA projects. This approach appears to stem in part from the fact that project staff have seen for themselves that participants—even some with very low incomes--*can* sustain rigorous savings demands, and that carrying accountholders who are not making progress ultimately does not serve anyone well.

Financial Education

Development of the financial literacy component was a particularly challenging startup task.

Five of the six sites we visited (all but the Pittsburgh project) developed a financial literacy curriculum from scratch. They felt that this was one of the most challenging tasks of the start-up period. How did they handle this? The New Orleans site, recognizing its lack of staff to develop and deliver a course in-house, decided to out-source it through an RFP process. The other four grantees developed theirs in-house. In South Carolina, the Williamsburg site benefited from the fact that the umbrella organization took on this task for its members. Most respondents felt that technical assistance in this area, or exposure to alternative curriculum models that projects might adopt, would be very useful as organizations begin developing their IDA projects.

Development of the asset-specific training component was less difficult than financial literacy.

The development of asset-specific training appears to have been less difficult than the development of the financial literacy component. At the Williamsburg, Pittsburgh, and Milwaukee sites, it is offered as part of the general financial literacy course.[3] At the remaining three sites, participants are referred

[3] In the Pittsburgh project, the two are indistinguishable as the course offered is Dollar Bank's homeownership course.

for asset-specific training to other local partner organizations, with participants typically able to choose between several providers. The most well-developed type of asset-specific training is homeownership training, followed by entrepreneurial training, perhaps because these are generally well-defined and typically offered by several local providers.

Peer support is acknowledged to be a powerful mechanism for helping participants, but few sites make use of it systematically.

Virtually all respondents remarked on the powerful effects of peer support. Informally, peer support occurs at all the sites, as in casual conversations before or after financial literacy classes. However, *formal* mechanisms for peer support are less common — but potentially powerful. Among the visited sites, only the Sonoma and Pittsburgh projects formally have a peer support component. One respondent noted that formal mechanisms for peer support were particularly compelling because they offer IDA participants the opportunity to meet "graduates" who could speak to the ways in which asset attainment had changed their lives.

Case Management and Support Services

There is great diversity in how financial services can be delivered — and all can serve the projects well.

Financial case management consists of a review of participants' credit situation, credit counseling and repair, counseling related to use of their IDA funds, financial management counseling (e.g. developing a savings plan), and assistance leveraging other financial resources to complement the IDA.

These types of services can be provided by different partnering organizations. For example, credit repair counseling might be provided by a credit counseling agency, while the grantee agency helps the participant select between authorized uses for the IDA. The types of organizations that provide these services also can vary. This includes financial institutions, credit counseling agencies (e.g., Consumer Credit Counseling Services, housing organizations (e.g., Neighborhood Housing Services), or the grantees themselves. In our site visits we have seen well-regarded examples of all of these types of arrangements.

Non-financial case management needs tend to be most intense at the beginning and end of IDA participation.

Non-financial case management refers to activities that address participants' social service needs, or that involves administrative tasks (such as processing applications, account monitoring or answering questions). The intensity of these activities — and the staff time they require — can depend on where participants are in their "IDA lifespan." Sites have observed that participants' case management needs tend to be most intense at the beginning of project participation (to orient them and get them motivated) and at the end (to clarify their intended use of the funds, where this was not yet determined, to research options, and to prepare for asset purchase). In between, as participants work toward their savings goals, case management needs consist mainly of the administrative tasks noted above, and *ad hoc* intervention if an unusual situation arises.

Conclusion

There is much to learn from the six visited sites about the difficult operational issues faced by AFIA projects and the results of the differing approaches that have been implemented, as perceived by the project staff and participants. It is very important to note that, for the most part, the AFIA projects that we visited are rising to meet these challenges, as evidenced by many examples cited throughout the case studies presented in this report.

Furthermore, AFIA funding has proven to be an important catalyst for the expansion of other IDA initiatives at every one of the sites visited. At the time of our visits, all of the sites planned to expand their involvement in IDAs, often by using their AFIA experience to leverage funds from other sources. Project staff viewed the AFIA-supported IDA projects as springboards for expanded asset-building efforts. Despite the challenges of "climbing the learning curve" and operating AFIA projects, it is important to note that every visited site has chosen not only to continue, but also to increase, its involvement in IDAs. In that sense, the enduring effects of AFIA funding will go well beyond the asset purchases that occur directly through the use of AFIA accounts by project participants.

Chapter One: Introduction

This Second Annual Site Visit Report presents the second-year findings of the process study conducted under the national evaluation of the Assets for Independence Demonstration, a federal program that supports individual development account (IDA) projects nationwide. IDAs are personal savings accounts that enable qualifying low-income persons to combine their own savings with matching public or private funds for first-time home purchase, business startup or expansion, or post-secondary education.

This report focuses on the implementation experiences of six Assets for Independence Act (AFIA) grantees in developing and operating their IDA projects. In this chapter, we provide the context for this study, with an overview of the Assets for Independence Act, the national AFIA evaluation, the process study as a major evaluation component, and the selection of sites for this year's visits. The following six chapters present case studies of the six sites. Chapter Eight provides a descriptive cross-site assessment. Chapter Nine highlights a series of promising practices for AFIA project development and operation, which may be of particular interest to IDA practitioners.

1.1 Assets for Independence Demonstration Program

The Assets for Independence Demonstration Program, established under the Assets for Independence Act (Public Law 105-285, enacted on October 27, 1998), provides federal funding for state and local IDA demonstration projects nationwide. The Act provides for grants to qualified non-profit organizations (or state or local agencies or tribal organizations that partner with a qualified non-profit entity) to conduct five-year demonstration projects. The Act is administered federally by the Office of Community Services (OCS), an agency of the Administration for Children and Families (ACF), U.S. Department of Health and Human Services (HHS).

AFIA projects must comply with the following guidelines:

- Participants either must be income-eligible for the earned income tax credit (EITC) or must be receiving (or eligible for) benefits or services under a state's Temporary Assistance for Needy Families (TANF) program.[4] Participants must also have assets of less than $10,000 (excluding the value of one's primary dwelling and one motor vehicle).
- To receive matching funds on their savings, a participant must use the account for home purchase, business capitalization, or post-secondary education (or for the transfer to the IDA of another eligible person).
- The participant's deposits must be from earned income.

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4 AFIA technical amendments that became effective on December 21, 2000 revised the income eligibility threshold to 200 percent of the federal poverty level. In 2001, the EITC annual income limits were as follows: $27,413 for a taxpayer with one child and $31,152 for a taxpayer with two or more children. The annual income amounts corresponding to 200 percent of the poverty level (in the contiguous 48 states and D.C.) were as follows in 2001: two-person family, $23,220; three-person family, $29,260; and four-person family, $35,300.

- Matching rates (including both the federal and nonfederal match) can range from $1 to $8 per dollar saved by the participants.
- Grantees must raise at least half of the matching funds from non-federal sources.

The uses of the federal grant are constrained by the following limits:

- At least 90.5 percent of the grant must be used to match accountholders' deposits into their IDAs.
- Not more than 7.5 percent of the grant funds may be used for project administration and participant skills building.
- Not less than 2.0 percent of the grant funds must be devoted to the costs of collecting and providing the information necessary to conduct the national AFIA evaluation.[5]

The demonstration is funded by congressionally approved annual appropriations. The Act authorized $25 million for each of five fiscal years (FY 1999 through 2003). The annual appropriation was $10 million for FY 1999 and for FY 2000, and $25 million for FY 2001 and for FY 2002. Through FY 2001, 123 grants were competitively awarded in 41 states and the District of Columbia. A total of $35.7 million has been disbursed through FY 2001, in grants ranging from $4,000 to $1 million. For each annual cohort of grantees, the amounts awarded were as follows:

- The FY 1999 cohort of 38 grantees received $7.6 million of initial funds in 1999. Some of these grantees then received supplemental grants of $2.3 million in 2000 and $4.2 million in 2001.
- The FY 2000 cohort of 25 grantees received $4.6 million of initial funds in 2000. Supplemental grants of $2.8 million were awarded to some of these grantees in 2001.
- The FY 2001 cohort of 60 grantees received $14.2 million in 2001.

(Two states with pre-existing statewide programs, Indiana and Pennsylvania, were "grandfathered" into the program on a noncompetitive basis. They have received approximately $5 million to date. These grants are not included in the above figures, nor are the amounts awarded from FY 2002 funds.)

OCS reported in June 2002 that:[6]

> "Together the 123 grantees to date expect to open some 25,000 individual development accounts over the next five years. At the end of September 2001, the FY 1999 and FY 2000 grantees reported that 151 first homes had already been purchased, 126 small businesses had been capitalized, and 128 withdrawals had been made to pay for post-secondary education."

5 The December 2000 technical amendments raised the percentage earmarked for nonmatch uses from 9.5 percent to 15.0 percent, still subject to the requirement that not less than 2.0 percent be devoted to evaluation-related expenses.

6 Office of Community Services website, http://www.acf.dhhs.gov/programs/ocs/demo/ida/background.html.

AFIA grantees are allowed considerable latitude to design projects in ways that meet their local needs, but they must also contain certain project elements such as a Savings Plan Agreement and financial literacy training. Typical project elements are listed below, in the order in which they are most often conducted. Individual projects may devote different levels of effort to these project elements (e.g., as discussed later in the report, financial literacy training may be lengthy or short, and case management may be intensive or cursory), and the sequence may vary slightly, but virtually all IDA projects contain these programmatic elements.

- an ***eligibility check*** to determine that applicants meet the federal eligibility requirements and any additional project-specific criteria established to target particular population groups;
- an ***orientation session*** that presents the rule and policies of the project;
- a ***Savings Plan Agreement*** between the participant and the grantee organization that specifies a savings goal, schedule, intended use, and the corresponding match rate;
- ***financial literacy training***, also referred to as money management training;
- ***asset-specific training*** relating to the type of asset that the participant intends to purchase, such as homeownership training, entrepreneurial assistance or training, and career counseling for those pursuing post-secondary education;
- ***case management*** support that may or may not include credit counseling; and
- use of a ***management information system***, most often the Management Information System for Individual Development Accounts (MIS IDA), to track account activity and participant characteristics.

1.2 Overview of the Evaluation

This evaluation is mandated by the Act and funded out of annual appropriations for the demonstration program. The evaluation is composed of two parts: an impact study and a process study, the latter of which is the focus of this report. The two components of the evaluation work together to present a portrait of IDA accountholders and the organizations implementing AFIA-funded IDA projects.

The impact study examines the effects of the demonstration on participant outcomes based on a three-year longitudinal survey of 600 IDA participants nationwide.[7] This study will provide the largest systematic, quantitative body of national evidence to date of the effects of IDA participation. The analysis will examine the effects of incentives and institutional supports on savings behavior, homeownership, post-secondary education, and self-employment. It will also examine how these effects of IDA participation vary among different populations or communities.

[7] The study is non-experimental; that is, it does not randomly assign individuals into a treatment group (which receive IDAs) and a control group (which would not receive IDAs). Instead the data on participants will be compared to available national data on AFIA-eligible nonparticipants in the general population. Comparison data on nonparticipants will come from the Census Bureau's Survey of Income and Program Participation (SIPP).

The impact study will examine, on a large scale and systematically, whether and how IDAs under AFIA affect participant savings and asset accumulation. This is an important contribution to the body of knowledge about IDAs, for most of the available evidence has been based on relatively small-scale interventions. By themselves, however, the impact estimates cannot explain *why* and *how* those effects occur. For these answers, we turn to the process study.

The evaluation design calls for two-day visits to six sites in each of the four years of the evaluation.[8] Of these, three sites are to be revisited the following year – to examine how projects evolve over time – while three new sites are to be added each year. Each year's new sites will be chosen from a successive cohort of AFIA grantees; thus, the first year's sites were selected from the FY 1999 cohort of grantees, the second year's from the FY 2000 cohort and so forth. Thus, each year's visits will be to some new sites being visited for the first time, and to some old sites being visited for the second and last time.

Annually, in-depth interviews are conducted on site with project staff, with the financial institutions, and with other organizational partners (such as providers of asset-specific training). Typically group interviews are also held with IDA participants to discuss their experiences under the project. Where possible, we also observe financial literacy classes or other project activities.

The insights gleaned from the process study are useful in a number of ways. First, they shed light on how projects and participants interact; that is, on how certain project features affect participants' experiences with IDAs. They can also indicate whether projects are being implemented as they were intended. In examining the experiences of the selected projects over several years – how they evolved, what issues arose, and how they were resolved, the process study depicts a dynamic portrait of selected projects. It is thus a useful complement to the "snapshot" data on project characteristics provided in HHS' annual reports to Congress on the demonstration program.[9]

Exploring in depth the issues that grantees have faced in developing and operating their projects holds important lessons for program practitioners and policy analysts alike. They yield useful and interesting insights about different ways that common operational challenges are met. In enriching our understanding of actual project experiences, the process study can also shed light on the "field-level" implications of various policy features. Finally, the process study also permits a cross-site comparison that highlights areas of common experience as well as of project diversity.

Such insights are useful in and of themselves, but they also enhance the impact study findings. The process study findings can help us generate better hypotheses about the effects of IDA participation, and also suggest which explanatory variables to include in our impact analyses. Finally, a qualitative understanding of how projects operate can be invaluable to inform our interpretation of survey findings.

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8 With the exception of the first year, when only five sites were visited.

9 See U.S. Department of Health and Human Services, *Assets for Independence Demonstration Program: Report to Congress for Fiscal Year 1999*, December 2001, and *Assets for Independence Demonstration Program: Second Interim Report to Congress for Fiscal Years 1999 and 2000*, July 2002.

The evaluation will result in annual site visit reports that present the findings of each year's process study activities. There will also be a final report at the end of the evaluation that synthesizes findings from the impact study and the process study overall.

1.3 Process Study Sites

The process study draws upon the findings of the two-day site visits to selected AFIA projects. This report presents the findings of the second year of site visits, which were conducted in May and June of 2002.

During the first year of the process study we selected five FY 1999 sites to visit. This year, in the second year of the study, we selected three from the previous group to revisit, and three new sites from the FY 2000 cohort of grantees. The FY 1999 sites that we visited this year for the second time are:

- Mt. Hope Housing Company (Bronx, NY);
- Milwaukee Social Development Commission (Milwaukee, WI); and
- YWCA of Greater Pittsburgh (Pittsburgh, PA).

The three sites visited for the first time, members of the FY 2000 cohort, are:

- Tulane University (New Orleans, LA);
- Sonoma County People for Economic Opportunity (Santa Rosa, CA); and
- Williamsburg Enterprise Community Commission (Kingstree, SC).

It is important to note that these sites were selected purposively – not randomly – in conjunction with HHS to encompass diversity along characteristics important in understanding project operations. Among the selection criteria used were: type of grantee organization, IDA project size, region of the U.S., and urban or rural setting. We considered only IDA projects that had ten or more funded accounts, to ensure some minimum project scale. Thus, the sites selected are not intended to be representative, but rather illustrative of the range of project models that exist among AFIA grantees, and of the ways in which this variety might affect accountholders' experience of IDAs.

Exhibit 1-1 presents a comparison of the selected sites and their corresponding grantee cohorts. Each of the grantees received an initial grant; some grantees also received subsequent grants in later years. Our case studies focus on the grantees' experiences with respect to the initial grants; for the most part, the subsequent grants had not taken effect at the time of our site visits. It is informative to know, however, that by virtue of the subsequent AFIA grants, some of the grantees were poised to expand their IDA projects significantly. The Milwaukee site, for example, was about to expand its IDA project almost ten-fold; the New Orleans site, seven-fold.

As intended, the selected sites illustrate great variety in operational terms. See Exhibit 1-2. Two of the sites (Milwaukee and Williamsburg) are part of multi-site grants, in which the grantee is an umbrella organization. Each of the regions of the United States is represented. One of the sites (Williamsburg) is located in a rural area. The number of funded accounts varies considerably, from 13 at the Williamsburg site to 140 accounts in Pittsburgh. So does the actual size of the projects: at the time of our site visits, the number of opened accounts ranged from less than a dozen (Sonoma and Williamsburg) to over 70 accounts (Bronx and New Orleans). Two of the projects had waiting lists (Bronx and New Orleans), while two others had many accounts yet to fill (Pittsburgh and Sonoma), due to timing, a lack of administrative capacity, lack of need for a particular account type, and/or the need to identify of qualified individuals.

Nearly all of the sites offered all three authorized uses: homeownership, small business, and post-secondary education. Only the Pittsburgh site was available for homeownership only. Match rates range from 2:1 to 4:1. At two sites (New Orleans and Sonoma), match rates vary according to the savings goal, with higher rates for homeownership. There is also enormous variety in the length of time participants have to attain their goal, ranging from one to four years. There are significant differences across sites in terms of savings requirements and provisions. Finally, it is interesting that most of the sites have some degree of IDA experience; most of them operate other IDA projects in addition to their AFIA-funded one.

The following six chapters present case studies of the visited sites. Each case study is based on interviews with grantee organizations, financial partners, other partner organizations, and IDA participants themselves. The case studies describe each project in terms of:

- Project design and background;
- Project administration;
- Participant recruitment and screening;
- Financial education and training;
- Case management and support services;
- Lessons learned; and
- Future plans.

Exhibit 1-1: AFIA Funding for Visited Sites and Corresponding AFIA Cohorts

	Visited Sites, FY 1999 Cohort			Visited Sites, FY 2000 Cohort			Corresponding AFIA Cohorts	
	Mt. Hope Housing Company (Bronx, NY)	Social Development Commission (Milwaukee, WI)	YWCA of Greater Pittsburgh (Pittsburgh, PA)	Tulane University (New Orleans, LA)	Sonoma County PEO[a] (Santa Rosa, CA)	Williamsburg ECC[b] (Kingstree, SC)	All Grantees, FY 1999 Cohort[c]	All Grantees, FY 2000 Cohort[d]
Initial AFIA funding								
Grant amount	$137,569	$51,465	$300,000	$155,000	$50,000	$19,500	na	na
Number of funded accounts	83	47	140	72	20	13	na	na
Grant per funded account	$1,657	$1,095	$2,143	$2,153	$2,500	$1,500	na	na
Subsequent AFIA funding								
Grant amount	$0	$416,100	$0	$800,000	$50,000	$0	na	na
Funded accounts	0	380	0	485	20	0	na	na
Grant per funded account	na	$1,095	na	$1,649	$2,500	na	na	na
Total AFIA funding								
Grant amount	$137,569	$467,565	$300,000	$955,000	$100,000	$19,500	$14,136,606	$7,243,914
Funded accounts	83	427	140	557	40	13	11,124	4,926
Grant per funded account	$1,657	$1,095	$2,143	$1,715	$2,500	$1,500	$1,271	$1,471

Notes:

a. Sonoma County People for Economic Opportunity.

b. Williamsburg Enterprise Community Commission

c. This cohort consists of 38 grantees, excluding the States of Indiana and Pennsylvania. Data obtained from the OCS website: www.acf.dhhs.gov/programs/ocs/demo/ida/background.html.

d. This cohort consists of 25 grantees, excluding the States of Indiana and Pennsylvania. Data obtained from the OCS website: www.acf.dhhs.gov/programs/ocs/demo/ida/background.html.

na = not applicable

Exhibit 1-2: Major Project Characteristics of Visited Sites

	FY 1999 Cohort			FY 2000 Cohort		
Characteristic	**Mt. Hope Housing Company**	**Milwaukee Social Development Commission**	**YWCA of Greater Pittsburgh**	**Tulane University**	**Sonoma County People for Economic Opportunity**	**Williamsburg Enterprise Community Commission**
Location	Bronx, NY	Milwaukee, WI	Pittsburgh, PA	New Orleans, LA	Santa Rosa, CA	Kingstree, SC
Urban/rural	Urban	Urban	Urban	Urban	Urban	Rural
Number of AFIA accounts funded	83	47	140	72	20	13
Number of AFIA accounts opened (at time of visit)	83	47	52	72	10	9
Percentage of funded accounts opened	100%	100%	37%	100%	50%	69%
Allowable uses (percentage of accounts opened to date, by intended use)	Homeownership (41%) Small business (37%) Education (22%)	Homeownership (60%) Small business (20%) Education (20%)	Homeownership (100%)	Homeownership (88%) Small business (4%) Education (8%)	Homeownership (80%) Small business (0%) Education (20%)	Homeownership (77%) Small business (23%) Education (0%)
Number of financial institutions	1	3	1	3	1	1
Hours of financial literacy	16	12	8	12	15	30
Match rate (including federal and nonfederal match)	2:1	2:1	4:1	4:1 for homeownership; 2:1 for other uses	4:1 for homeownership; 2:1 for other uses	3:1
Maximum savings period	3 years	2 years	1 year	Varies, but moving toward 12 months timeframe.	2 years for homeownership, 3 years for other uses	4 years
Deposit required for account opening	$25	$10	$10	Varies, no minimum set.	$20	$25
Minimum monthly deposit	$30	$10	$10 initially (later raised to $40)	Varies, 4% of monthly income encouraged.	$25	$25
Maximum amount eligible for match	$1,500	$1,000	$1,000	$1,000	$1,000 for homeownership: $2,000 for other uses	$1,000
Maximum match amount (including federal and nonfederal match)	$3,000	$2,000	$4,000	$4,000 for homeownership; $2,000 for other uses	$4,000	$3,000
Number of non-AFIA IDA programs	1	1	0	1	1	0

Exhibits 1-3 and Exhibit 1-4 provide context for each of the following case studies are. Exhibit 1-3 documents what we found to be the general partnership structure among the AFIA sites we visited. In most cases, the AFIA grantee serves as the central entity around which an IDA project revolves. It must identify program partners including entities that can serve as financial and asset-specific training partners. Financial partners typically include banks, credit unions, and community development finance institutions where the relationship between the bank and grantee preceded the AFIA.

Exhibit 1-3: Sample AFIA Partnership Structure

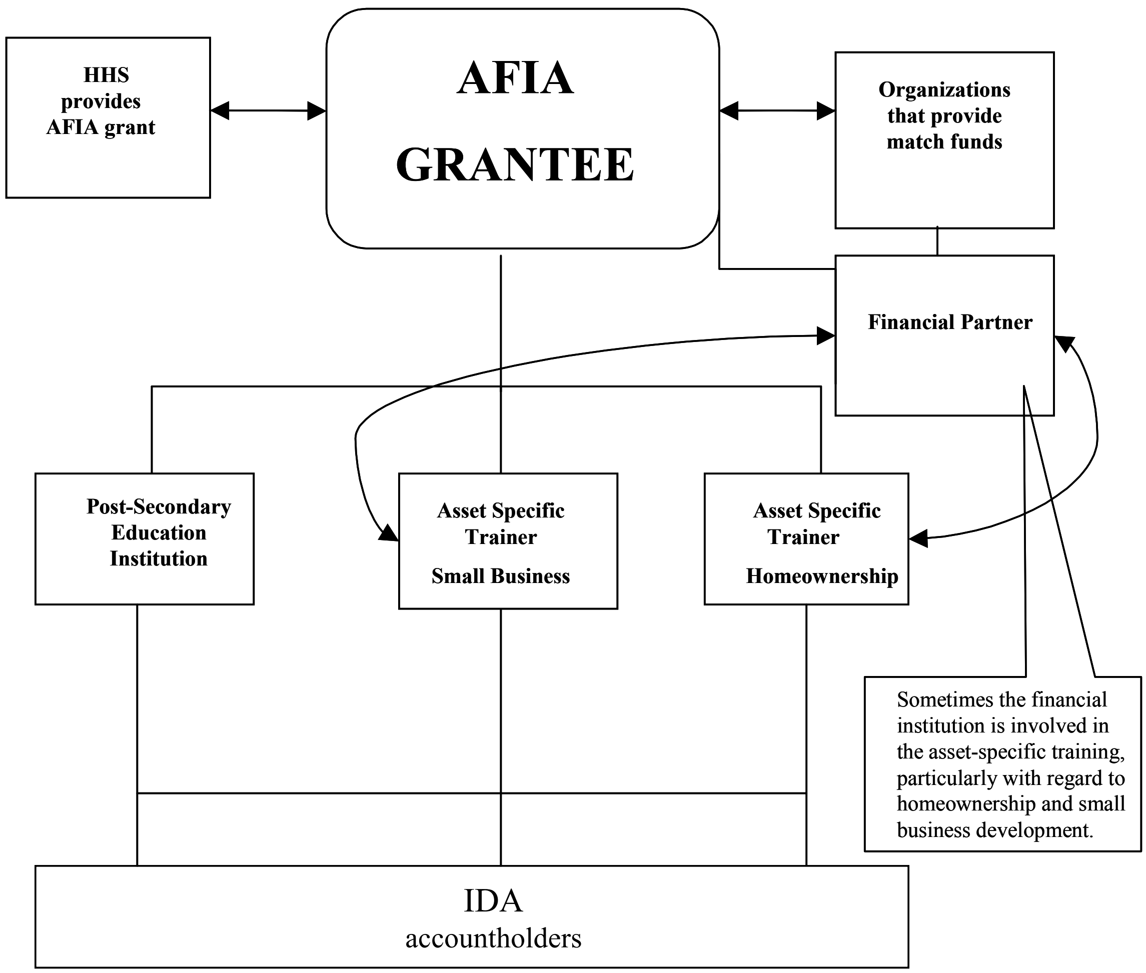
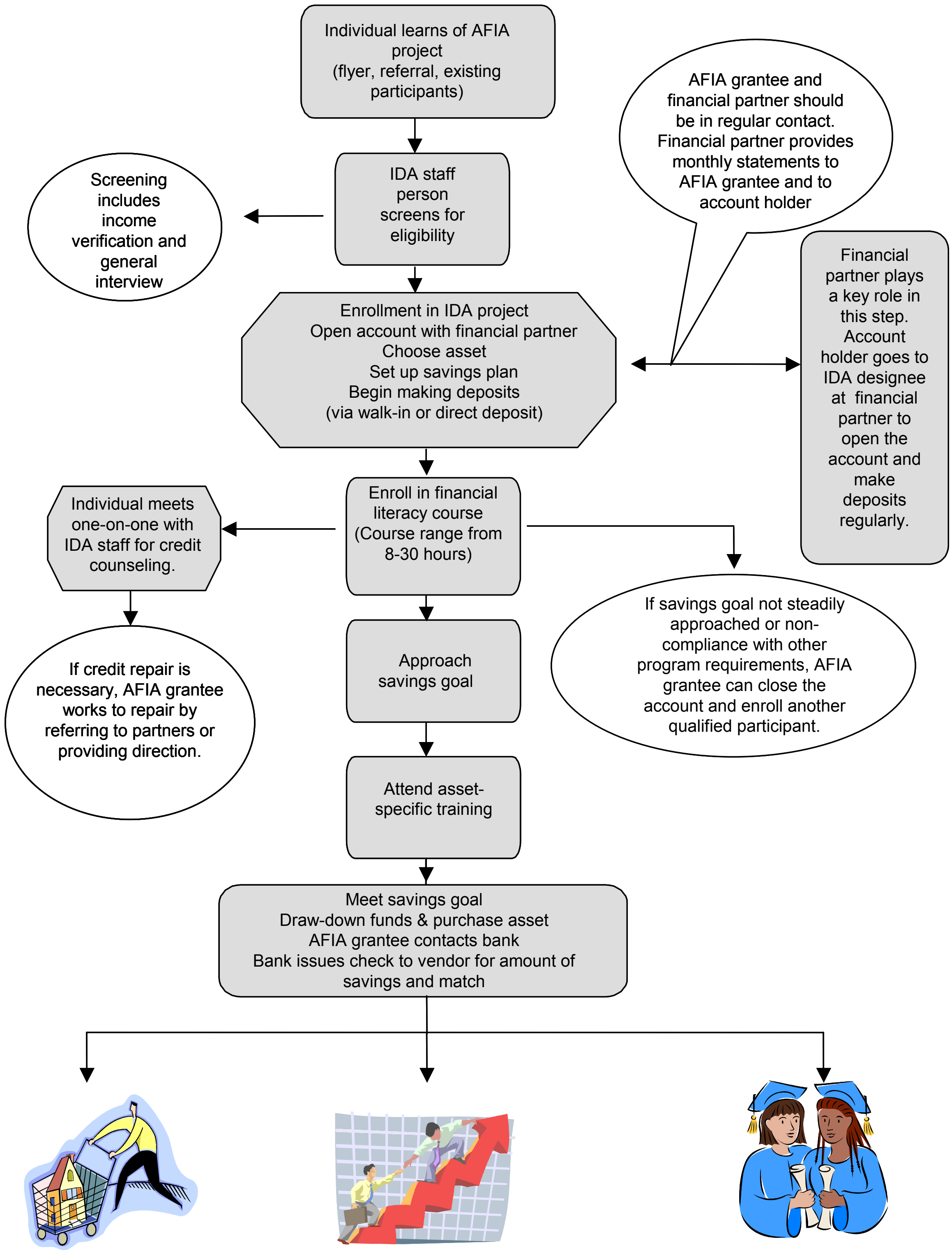


Exhibit 1-4 illustrates the steps that a typical AFIA accountholder might go through as a project participant at the visited sites. The length of this process can vary from a minimum of 6 months up to 48 months.

Exhibit 1-4: Sample Process for AFIA IDA Accountholder



Chapter Two: Mt. Hope Housing Company

This chapter describes the AFIA project administered by the Mt. Hope Housing Company, located in the Bronx, New York.

The Mt. Hope Housing Company (hereafter, Mt. Hope) was established in 1986 to create affordable housing for low-to-moderate income families in the Bronx. Mt. Hope is located in an urban community where close to one-half of the neighborhood is residential, and approximately one-fifth of the neighborhood has some commercial use. It is a dense, highly developed area with only 5 percent of its lots vacant as of the 2000 Census.

Bronx County has total population of 1,332,650 of which 48.5 percent is Hispanic, 31.5 percent is African-American, 14.5 percent is White, and 5.8 percent identified as Other.[10] The median household owner's value in the Bronx is $190,400. The percent of persons over 25 that did not graduate from high school is 37.7 percent. Mt. Hope's primary service area is defined as New York City's Community District 5 (CD 5).[11] In 2000, the total population of Mt. Hope's service area (CD5) was 125,600 and had a poverty rate of 40.9%, which is greater than Bronx County's poverty rate of 30.7 percent.

2.1 Project Design and Background

Mt. Hope owns and manages a number of apartment buildings in the local South Bronx neighborhood. It also offers a variety of other services, including childcare, employment assistance and training, and a home maintenance program.

Mt. Hope has operated a small IDA program since 1996 with 10 accounts. Founded as a homeownership project and expanded in 1998 to allow other uses, this precursor project was different in some respects from the AFIA funded project. For example, the allowable uses were different (including retirement and computer purchase, in addition to the three AFIA-allowed uses), and it served a higher-income population – up to 80 percent of area median income, or $50,250 annually in 2002 for a family of four. Mt. Hope appears to have learned from its initial foray into IDAs and applied some of those lessons to the current project – for example, the importance of clear and fairly demanding requirements, pre-screening, and intensive case management. Mt. Hope believes that its IDA accounts are a tool to help people become financially literate, develop disciplined savings behavior, and attain assets.

The AFIA IDA project began in 1999 with a grant of $137,569 to fund 83 accounts. Mt. Hope's IDA project allows all three AFIA eligible uses: homeownership, micro-enterprise, and post-secondary

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[10] United States Census Bureau, 2000 Redistricting Data (Public Law 94-171) Summary File, 2001.

[11] New York City is divided into 5 boroughs: The Bronx, Brooklyn, Manhattan, Queens, and Staten Island. Each borough is divided into from 3 to 18 community districts. There are 59 community districts citywide. The Bronx has 12 community districts. http://www.ci.nyc.ny.us/html/dcp/html/lucds/cdstext.html

education. The Executive Director of Mt. Hope identified the funding opportunities available through AFIA in 1998, and the Vice President for Community Development Programs played a key role in getting the project underway. The VP wrote the application and identified key partners. The Mt. Hope Board provided support including funding applications to private institutions, providing office space for training sessions, and underwriting the cost to attend conferences.

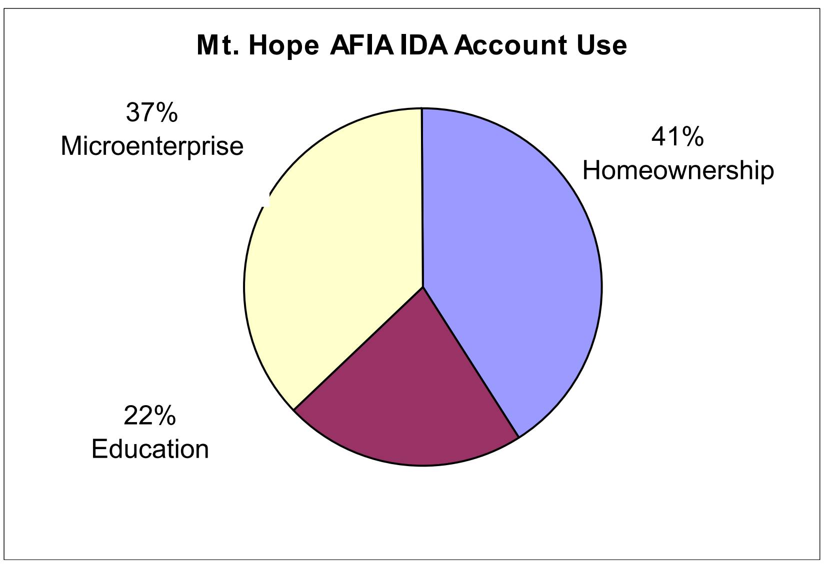
The key features of this AFIA IDA project are as follows:

- This project offers a match rate of 2:1 for each eligible use and requires monthly deposits ranging from $30 to $125 per month.

- The maximum deposit amount on which a participant may receive a match is $1,500. Thus, at a 2:1 match rate, the federal and non-federal match amount is capped at $3,000.

- Mt. Hope requires that participants reside in and desire to remain in the Bronx.

As of May 2002, all 83 AFIA accounts were opened and Mt. Hope had a waiting list of 10 individuals. Below is an illustration of the intended use for each of the accounts opened at the time of our visit.



2.2 Project Administration

Organizational Partners and Their Roles

During the first year of operation of its AFIA project, Mt. Hope designated the Bethex Federal Credit Union (Bethex) as its financial partner. Bethex is a community development credit union serving low-income local residents. The relationship between Mt. Hope and Bethex is a long and close one. Mt. Hope donates much-needed space for Bethex, Mt. Hope has substantial company deposits there, and a Mt. Hope representative has traditionally sat on the Bethex board. Therefore, it was natural that Mt. Hope would select Bethex as its AFIA financial partner. Bethex consists of an Executive Director who founded the credit union 31 years ago, and fewer than 10 full-time and part-time staff, about half of which are TANF recipients. An IDA VISTA volunteer administers the IDA accounts.

The roles of Mt. Hope and Bethex are quite different from what was originally envisioned. Bethex was meant to assume the lead in developing and delivering the financial literacy component, as well as holding the accounts. Mt. Hope's dissatisfaction with the quality and philosophical approach of Bethex staff, however, led Mt. Hope to take the lead role on financial literacy training. Mt. Hope staff felt that Bethex's expectations of IDA accountholders were too low. Bethex now essentially serves only as financial repository of the accounts. There have been complaints from Mt. Hope's staff regarding Bethex's low capacity (e.g. problems with the accuracy of the monthly IDA statements issued by Bethex), but both organizations seem committed to continuing the IDA relationship. During our visit in the project's second year, Bethex still served as the repository for Mt. Hope's IDA accounts.[12] Mt. Hope still receives monthly statements from Bethex, which report the account activity for each IDA and noted that most of the earlier issues were resolved.

Other partners in the first year primarily provided the referrals to the project, but those partnerships were more loosely defined than the one with Bethex. Mt. Hope had plans to develop partnerships that provide asset-specific training and realized them.[13] In the second year, Mt. Hope built on its existing relationships with the South Bronx Overall Redevelopment Organization (SOBRO), Women's Business Resource Center (WBRC), Neighborhood Housing Services (NHS), Project Enterprise, and Lehman College's Small Business Development Center to provide the asset-specific training for its project participants.

Staffing

Mt. Hope has a total staff of 80 people, four of whom work on the AFIA IDA project. Although AFIA dollars were insufficient to cover the cost of operating this project, Mt. Hope was able to subsidize the staff salaries with other internal administrative resources and external private grants. This is of particular importance given the highly personalized service and the comprehensive scope of Mt. Hope's IDA program.

During the first year the IDA project staff included 2 full-time individuals, an IDA Project Manager (who was bilingual Spanish/English) and an IDA VISTA and half of the VP of Community Development Programs time.[14] Mt. Hope faced a change in staff in June 2001 with the departure of the IDA Project Manager, who left to pursue teaching. From July to September 2001, the IDA VISTA volunteer absorbed some of the responsibilities of the Project Manager, including data entry into MIS IDA, AFIA reporting, case management, and maintaining relationships with partner organizations.

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[12] Under the next round of AFIA funding, another financial institution desires to fill (and expand) the role now occupied by Bethex and has been courting Mt. Hope. See *Future Plans* discussed later in this chapter.

[13] Asset-specific training refers to training for new homeowners and training to start or expand a small business.

[14] Site visits to Mt. Hope were conducted in 2001 and 2002. For purpose of this report, the 2001 visit shall be referred to as the first year and the 2002 visit will be referred to as the second year. The first year covers the period of account activity from April 2000 to May 2001. The second year covers the period from June 2001 to May 2002.

During this time, Mt. Hope was forced to pull back on outreach efforts. Fortunately, this did not slow down the enrollment process as Mt. Hope continued to reap the benefits of its prior recruitment efforts. Additionally, the departure of the IDA project manager resulted in an opportunity for Mt. Hope to assess the operations of its IDA program and to identify areas for improvement, particularly given prior resource constraints.

In the second year the VP decided to expand the IDA Project Manager position to include management of the project staff, relationship development and management (with new partners), and project expansion. The VP renamed the new position Asset Development Program Manager and filled it in October 2001.[15] Further, in August 2001, Mt. Hope created the position of Capacity Coordinator. This position devotes 30 percent of its time to the financial literacy component, in refining the curriculum and teaching the financial classes.

The expanded role and change in staffing not only improved the operations of Mt. Hope's existing programs, but it also helped to lay the foundation of Mt. Hope's plans to expand its IDA project.

The IDA project staff and their responsibilities in the second year were as follows:

- *VP of Community Development Programs*, provides general oversight of the project. She also developed and delivered (with the Capacity Coordinator) the financial literacy component, a money management course. (This role devoted more time in the first year to develop and implement systems to operate the IDA program.) This position devotes 30 to 40 percent of time to the IDA project.
- *Asset Development Program Manager*, provides general oversight of day-to-day operations, has some direct client contact (e.g. telephone pre-screening, intake interview, client assistance, account monitoring, and credit counseling), is responsible for project expansion, and works with the VP of Community Development Programs to develop relationships with partners. This is a full time position for the IDA project.
- *IDA coordinator/IDA specialist*, is responsible for the day-to-day operations and client contact (e.g. telephone pre-screening, intake interview, client assistance, account monitoring). At the time of our second visit this person – a workfare participant and VISTA volunteer – was in her second year at Mt. Hope and was about to end her employment in June 2002. This position devotes 100 percent of time to the IDA project.
- *Capacity Coordinator,* a new position, helps to develop and deliver the financial literacy component and provides Spanish translation of materials for participants. This position devotes 30 percent of time to the IDA project.

[15] In the first year the Project Manager was responsible for maintaining accounts, AFIA reporting, recruitment, and outreach.

2.3 Participant Recruitment and Screening

Initially, outreach efforts for the IDA project were included in Mt. Hope's marketing of its other programs. However, after fairly limited success with this approach over the first few months, the VP worked closely with the IDA VISTA and Project Manager to develop a strategy to market the AFIA IDA project separately. To attract qualified individuals to its IDA project, Mt. Hope focused on outreach to other community organizations (versus making efforts to attract applicants from its own existing clientele). Mt. Hope developed and conducted presentations regarding the AFIA IDA project to organizations in the neighborhood with a similar mission. Staff members invested many hours (including evenings and weekends) to target partnerships and began to forge relationships with neighborhood organizations. The staff indicated that it took a greater investment of time and energy than anticipated to identify and attract applicants.

> ***The Lesson:***
>
> ***A first year focus on recruitment and developing effective referral systems paid off in the second year.***

In addition, when organizations began to respond to Mt. Hope's outreach efforts by sending referrals, many individuals who were referred did not meet AFIA eligibility criteria.[16] Few referrals from its outreach efforts resulted in an enrollment in the IDA project. Mt. Hope then began to identify the partners whose referrals were most likely to be AFIA-eligible and began to focus its efforts on fostering stronger partnerships with those organizations. Mt. Hope also posted flyers in the neighborhood that resulted in a number of walk-in applicants.

Mt. Hope expressed concern during the first year that the AFIA income guideline was unrealistically low for the purchase of a home, given the high cost of housing in the South Bronx.[17] Staff felt a better criterion than 200 percent of the federal poverty level ($36,000 in 2002 for a family of four) would be 80 percent of area median income ($50,240 in 2002 for a family of four). Mt. Hope asserted that even those with higher incomes still needed the financial assistance to be able to purchase a home the New York City area.

Although the project allows participants to adopt any of the three primary account uses, staff tried to steer applicants away from homeownership, regarding this as a very difficult – possibly unattainable – goal in the local housing market. The staff did not want to set participants up for failure and thus strongly encouraged participants to aim for microenterprise or post-secondary education. This approach was motivated in part by the staff's recognition that a higher success rate among AFIA participants would help Mt. Hope obtain other funding.

During the second year Mt. Hope began to reap the benefits of its prior year outreach. Mt. Hope strengthened its relationships with existing partners and shifted some of the responsibility of screening applicants to these key partners. The project staff now provide a pre-screening form to these partners. This form helps partners to "pre-qualify" an individual for Mt. Hope's IDA project.

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16 A "referral" is an individual who has an existing relationship with a neighborhood organization and is sent to Mt. Hope by that organization. A "walk-in" is a person that may come in from the street or hear about the project through another means – i.e. word of mouth, or through a flyer.

17 Mt. Hope reports the median house price in the South Bronx ranges between $175,000 to $200,000.

As a result, Mt. Hope focuses its efforts less on recruitment, and more on improving project delivery and operations. Both Mt. Hope and its partners described their relationship as a win-win arrangement. Partnering organizations benefit as Mt. Hope refers individuals to use the services of those organizations.

During the second year, all 83 accounts had been filled, and the issue of homeownership became less of a concern. Many participants stated that they learned this after having gone through the financial education course offered by Mt. Hope. Upon enrolling each participant, the Mt. Hope staff engaged in a candid discussion about setting a savings goal. The staff required that the individual pull their credit report and encouraged them to immediately enroll in the financial education course, to help deal with any credit problems. After participants complete the financial education course, they often develop a more aggressive savings plan or choose another goal. This is an approach that seems to work. Although the interest to purchase a home remains strong, few participants mentioned that they preferred to start a business rather than buy a home. One participant had the original goal of purchasing a one-family home. After he completed Mt. Hope's course, however, he realized that it would be more feasible for him to purchase a two-family home and use the rental income to defray mortgage costs.

Two participants will use the project to expand their businesses. One will use it for supplies to expand her bakery shop; another will expand her candle and scented oil business.

One participant comments…

> ***"This program has been great for helping to get more supplies [for my business]. I was laid off of my job, and needed something to do. I decided to sell bath oils and candles. It was really just a hobby, but now it's my business…I am so thankful that the IDA [project] will help me to expand."***

Looking ahead, a key element influencing targeting, recruitment, and screening is that roughly two years remain in the five-year AFIA grant, and Mt. Hope is feeling time pressure. With only two years remaining in the project period under its FY 1999 AFIA grant, Mt. Hope feels a sense of urgency and plans to revisit the savings schedule for those individuals who recently enrolled in the project. When it started the project, Mt. Hope developed a savings plan based on a three- to four-year term. However, Mt. Hope had an initial recruitment period that lasted longer than Mt. Hope originally projected. Additionally, a few individuals either dropped out or were dropped from the program. Although Mt. Hope was able to fill all of its slots, some were filled closer to the expiration date of the AFIA grant.

Toward the latter part of enrollment, Mt. Hope targeted individuals who would set a goal to expand a business or those interested in post-secondary education, as these goals could be more easily achieved than purchasing a home within a 24-month period. For example, individuals who are interested in post-secondary education may receive matching funds on their savings at the end of each completed term if they present Mt. Hope with an invoice from a university bursar's office. As a result a participant may receive a match on $750 after one term, and then receive another match after they have saved the remaining $750 by the end of the next term.

As to microenterprise, Mt. Hope targets individuals who are interested in expanding their business by increasing their supplies or something otherwise attainable within a 12- to 24-month period. In contrast to saving for a home, the microenterprise and post-secondary education goals often require less lead time. Mt. Hope will need to accelerate the savings schedule for some of its existing accountholders and adjust the monthly savings range beyond $30 to $125 to help individuals reach their asset goal in time to qualify for the federal match.

During the first year Mt. Hope feared that the income guideline was a barrier to homeownership. In the second year Mt. Hope cited the additional concern of limited time for this same goal. Further, in the second year, the staff at Mt. Hope cite that the income barrier for homeownership is less of a concern as they realize that participants are able to assess their finances during the financial literacy training, and thus choose their goals according to the time and income constraints. Overall, the staff feel that microenterprise and post-secondary education are more attainable goals within the remainder of the AFIA demonstration project.

2.4 Financial Education and Training

In the first year Mt. Hope developed a rigorous financial education component consisting of 16 hours of classes offered evenings in two-hour sessions every other week.[18] Topics include: attitudes toward money, savings practices, estate planning, and credit repair. It is a highly personalized class consisting of 15 to 20 participants, and three staff in attendance. Further, depending on the session, participants are required to bring their financial statements to class to apply the lessons learned to their personal situation.

> ***Tip for Practitioner***
>
> **Invest in designing and delivering a high quality financial literacy curriculum. Armed with new information, accountholders make wise decisions and often keep the lessons learned beyond the financial literacy course.**

In the second year Mt. Hope added new staff who helped revamp the financial literacy curriculum (between January and April 2002) and teach the classes. Mt. Hope also expanded its schedule of class offerings. For example, some accountholders desired to have the 16 hours of financial education divided over three daylong sessions on consecutive Saturdays as opposed to eight sessions over sixteen weeks. Each cohort of participants determines its preference, and Mt. Hope accommodates this request. During our visit we attended a Saturday financial education session where accountholders brought in their personal financial information and worked on their credit planning. It was a very interactive session. The staff spent time helping each person with their individual situation.

Peer interaction is a major aspect of the experience of participants in the project. Many explicitly stated that talking to and seeing people “who have what they want” inspires them to make their own

[18] Originally, as mentioned earlier, Bethex was to provide the financial education. However, because of Mt. Hope’s concern that Bethex’s philosophical approach was too elementary for its participants, Mt. Hope decided to create its own financial literacy curriculum.

dreams a reality.[19] One staff member was elated that participants helped each other and felt that her job would be done when the benefits reaped from the project did not require her presence or that of other staff. Both staff and participants feel that the individual relationships and peer support networks developed among participants are invaluable. Further, those who already attained their asset-goal wanted to "give back" and were honored to be able to serve as an inspiration to others.

Mt. Hope developed a comprehensive asset-specific training curriculum during the second year.[20] Given Mt. Hope's 16-year presence in the South Bronx, it had developed relationships with several neighborhood organizations. It leveraged these existing relationships further to benefit the IDA-related asset-specific training. The partners that provide homeownership training and counseling include Neighborhood Housing Services (NHS) and Citibank. NHS conducts a homeownership-counseling program exclusively for Mt. Hope's IDA project participants. Citibank, who has come on board as another partner in the second year, underwrites the cost of this counseling program.

Other partners provide microenterprise training. These include the South Bronx Overall Redevelopment Organization, Women's Business Resource Center, and Fleet Bank. To date, only several IDA participants have taken advantage of asset-specific training. Reasons for this include the time constraints and their savings schedule. Typically, participants enroll in asset-specific training when they are close to reaching their savings goal and others enroll upon opening their account. Consequently, as participants approach their goals at staggered intervals (given the varied enrollment dates), organizations are already in place to provide the necessary training.

Finally, Mt. Hope has "preferred status" with some of its partners. For example, partner organizations develop training courses specifically for Mt. Hope IDA accountholders, and in some cases partner organizations reserved slots for IDA participants. Others indicate that Mt. Hope has developed a solid and sound reputation regarding its IDA project.[21]

2.5 Case Management and Support Services

Mt. Hope's IDA project appears to attract driven, focused participants. It offers a rigorous project with high and clearly articulated expectations. Mt. Hope places high value on disciplined savings behavior and pays close attention to "low-activity" accounts.[22] It contacts individuals by phone and by mail when they have missed a deposit. If there is no response, Mt. Hope terminates the account.

19 One participant had completed the project and purchased a two-family house. Two others had existing businesses they were looking to expand.

20 In its first year, some asset-specific training was provided by partner agencies, but this was very loosely structured.

21 Citibank learned that Mt. Hope's IDA project is highly regarded by participants and other community organizations. As a result, it desires to be its financial partner in the next round of IDA accounts.

22 Low-activity accounts are defined by Mt. Hope as accounts that with no deposit within the most recent three months.

> ***Tip for Practitioner:***
>
> **Peer interaction was sited as invaluable by AFIA IDA accountholders. Emphasizing the importance of peer networking during group sessions, such as financial literacy courses reduces the need for case management by the AFIA grantee.**

In the first year, case management was intensive. For example, the IDA VISTA helped applicants complete the application in person and accompanied applicants to Bethex to help open their accounts. (Staff believed that this helped encourage interested people to actually open accounts; many had been deterred by the unfamiliar first step of opening an account at a bank.) In a few cases, Mt. Hope made deposits for participants if work schedules prohibited them from doing so. Further, if deposits were lagging, Mt. Hope conducted close follow-up beginning with phone calls and sometimes using letters. Finally, project staff members called participants periodically to check-in, and accountholders were encouraged to drop in anytime with questions or concerns.

In addition, Mt. Hope provided individual credit counseling (as part of the financial literacy training) which includes setting up a plan and setting goals. With poor credit, participants would not be able to get a mortgage or a loan to expand a business. After completing the financial literacy course, the staff conducted an individualized credit counseling session in which participants review their credit reports and, if necessary, made arrangements for credit repair.

Mt. Hope provided other support services in the form of childcare (during financial education classes), financial crisis intervention, mentoring, or peer support. Further, if someone anticipated a budget crunch, the project staff helped them find ways to deal with it without having to make an emergency withdrawal from their IDA. Case management and social services are still intense in the second year.

Intensive case management enables Mt. Hope to serve a more varied population. Further, Mt. Hope's open-door policy helps to foster trust between Mt. Hope project staff and the participants. In terms of financial education, the delivery is much more effective particularly when the trainers understand individual circumstances. The participants also value the personal tone of this project. After completing with the project, they feel a responsibility to "give back."

Since the project's inception, Mt. Hope terminated only 5 accounts (less than 10 percent of the total opened) due to low activity. Mt. Hope's concern with low-activity accounts is that they may fail to utilize matching funds that could otherwise be made available to account-holders making regular deposits. During the second year, Mt. Hope reported that another 5 accounts were considered low-activity.

One drawback to intensive case management is the required staff commitment. Due to Mt. Hope's limited, yet committed resources, it is not uncommon for project staff to work overtime, including weekends. Further, the number of IDA participants Mt. Hope can serve will be limited unless Mt. Hope increases its staff capacity.

2.6 Future Plans

Mt. Hope plans to change its AFIA project in two ways, by expanding the project and changing its financial partner. Mt. Hope will start its planned project growth by applying for another AFIA grant to expand to 200 accounts. At its existing staff capacity, Mt. Hope will not be able to accommodate such an expansion. However, Mt. Hope has been approved to host six AmeriCorps VISTAs, three of whom will be assigned to IDA project. It also plans to expand the money management course to tenants of its existing housing and to develop an IDA program for youth.

Mt. Hope has developed a solid reputation in the community. As a result, Citibank began to develop a relationship with Mt. Hope. To Citibank, Mt. Hope's IDA project represented an existing client base for future mortgages and Community Reinvestment Act (CRA) credit. Citibank thus hopes to serve as the lead bank in Mt. Hope's IDA project. It plans to serve as the repository for the next round of AFIA accounts and plans to continue to offer asset-specific training. Mt. Hope is also in the process of developing relationships with Washington Mutual and Fleet Bank, who have also expressed an interest in the IDA project. Mt. Hope acknowledged that AFIA was a catalyst for the expansion of its IDA-related activities.

2.7 Lessons Learned

The following observations were made regarding the "lessons learned" so far.

- ***Participants view financial education, training, and services as a key component of this IDA project.*** Participants had nothing but praise for this component of the project. They spoke very highly of the financial literacy course and the commitment of Mt. Hope's staff. They expressed further that the money management course was wide-ranging, beginning with an exploration of attitudes about money. Many accountholders noted that participation in this course and the IDA project led them to think more deeply about their future and to undertake other positive changes in their lives, beyond financial behavior.
- ***Targeted outreach and recruitment through partnering with organizations that have a similar mission can be mutually beneficial.*** Mt. Hope learned that outreach must be constant, not conducted in sporadic bursts. Mt. Hope systematically tracked the percentage of inquiries from each source that resulted in an eligible participant during the first year. When it determined which partners provided the most eligible referrals, it focused on developing stronger relationships with that subset of organizations in the second year. Such targeted outreach results in a win-win situation for both organizations. Not only do the organizations refer eligible individuals to Mt. Hope, but also Mt. Hope referred individuals back for asset-specific training.
- ***Intensive case management is needed, most importantly, when participants are starting the project.*** The design of Mt. Hope's case management fosters self-sufficiency in project participants. Project staff make themselves available for support, encourage participants to be very active and involved, and are aware of their personal circumstances. For example, in the financial literacy course, the Mt. Hope staff explain

the calculations that create a snapshot of an individual's financial situation, but participants must "run the numbers" themselves.

- ***Planning for the expiring term of the five-year demonstration project can reduce the risk of forfeiting AFIA funds.*** Mt. Hope did not anticipate the need to change its outreach and targeting as the AFIA five-year project term progressed. It will now need to work with participants to ensure that they reach their goal by incorporating an accelerated savings schedule or revising their asset goals. Mt. Hope is currently in the process of developing a strategy to address this concern to avoid forfeiting unused funds. This is an important programmatic issue that all programs should plan for as they begin to approach the expiration date.
- ***It is important at the outset to manage expectations about the financial institution.*** A key partner in the IDA project is the financial institution. Mt. Hope's early expectations for its partnership with Bethex were not realized. In the future, Mt. Hope may want to develop clearer expectations for any organization interested in partnering. In Mt. Hope's defense, it was difficult to form realistic expectations given that it was the first time Mt. Hope operated a project at this scale.

Chapter Three: Social Development Commission

This chapter describes the IDA project administered by the Social Development Commission (SDC) in Milwaukee, Wisconsin, through an AFIA grant provided to the Wisconsin Community Action Program (WISCAP) Association located in Madison. The SDC IDA project serves the low-income populations of Milwaukee County. Milwaukee County, has a population of about 940,000 as reported by the 2000 Census. Over 15 percent of the county's population fell below the federal poverty level in 1999.[23] Almost 20 percent of the adults in the county did not graduate from high school.[24]

3.1 Project Design and Background

In 1999, WISCAP received a $500,000 AFIA grant to coordinate a statewide IDA project with 455 slots. WISCAP passed the funding on to fourteen of its member organizations to implement and operate the IDA projects. In 2001, WISCAP received a supplemental AFIA grant of $500,000 to fund 425 additional IDA slots. These slots will be used to expand four of the existing IDA projects (one is SDC's IDA project). WISCAP's member organizations raised $1,000,0000 in non-federal match funds as required by AFIA. In total, WISCAP and its member organizations have received $2,000,000 to fund 880 IDA slots for the AFIA IDA statewide initiative.

SDC, one of WISCAP's fourteen community action agencies, received funding for 28 AFIA accounts in 1999. Then in 2000, WISCAP reallocated some of the original 455 IDA slots among its member organizations. SDC received 19 additional slots after the reallocation, for a total of 47 slots. Currently, SDC expects to receive funding for 380 additional accounts from the supplemental AFIA grant awarded to WISCAP. If it succeeds in fully reaching this expanded scale (427 accounts in total), SDC would be one of the largest local IDA initiatives in the country.

Wells Fargo Bank was SDC's original financial partner for the AFIA project. They hold the 47 IDA accounts from the original AFIA grant. Two new financial institutions, Legacy Bank and Guaranty Bank, will be the financial partners for the 380 new accounts funded by the supplemental grant. Both banks have contributed non-federal match funds to SDC and are very interested in participating in the IDA project.

The other IDA projects participating in WISCAP's statewide program are similar in design. The key features of SDC's AFIA project and the other local AFIA projects under WISCAP's management include the following:

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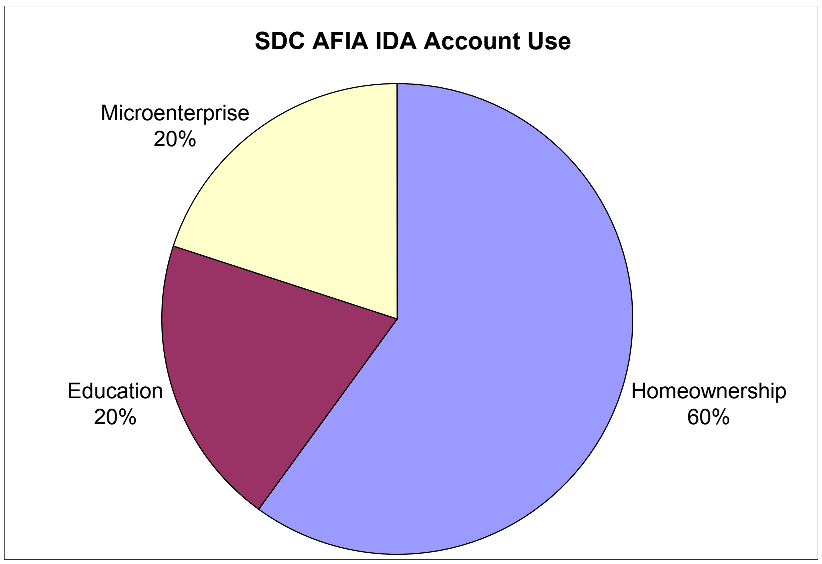
23 U.S Census Bureau, Census 2000 Redistricting Data (Public Law 94-171) Summary Files.

24 U.S Census Bureau, Census 2000 Redistricting Data (Public Law 94-171) Summary Files.

- A 2:1 match is available for each dollar that a participant saves up to a maximum match of $2,000 (comprised of $1,000 federal funds and $1,000 non-federal funds) for a total savings amount of $3,000.
- Qualified uses for the match funds are a down payment on a home, start-up or expansion costs for a small business, or expenses for post-secondary education. Most participants are interested in using their IDA to help them purchase a home. The graph below describes the intended use of the IDA for the current group of participants.



- To be eligible, participants must be a resident of the county, employed, and meet the AFIA income and net worth eligibility guidelines. Participants must also participate in financial literacy training and develop a savings plan.
- Participants must make regular deposits into the IDA savings account. No minimum or maximum dollar amounts are required. Participants who miss three consecutive monthly deposits are subject to termination.
- Emergency withdrawals are permitted in special circumstances and will require approval from SDC. Withdrawn money must be repaid within one year.
- Participants can make matched withdrawals six months after first deposit.

In addition to the AFIA grant, WISCAP and ten of its member organizations (including SDC) operate an IDA program funded by the Office of Refugee Resettlement (ORR). To date, WISCAP has received $1,466,000 from ORR to fund 400 IDA accounts. The ORR and AFIA IDA programs are similar in design with a few exceptions. For ORR, the participant must be a refugee, the qualified uses include vehicle purchase, computer purchase, or home repair, and grantees need not raise nonfederal match funds.

Most of the WISCAP agencies operating an AFIA IDA project also operate an ORR IDA project. By offering both projects each organization has more flexibility in the types of asset-building opportunities that can be offered to their clients. The ORR grant also gives them additional administrative funding, which funds the salaries of the staff for both IDA projects. An added benefit of the ORR program for the agency is not having to raise the nonfederal match funds.

> ***Tip for Practitioners***
>
> **WISCAP and SDC use the same staff for three related projects (the AFIA and ORR IDA projects, and the Job and Business Development program). This leveraging of resources allows three programs to share the cost of staffing, and provides more resources and flexibility for IDA participants.**

IDA Project History

Two of WISCAP's member community action agencies had established IDA projects prior to AFIA: Community Action Coalition for South Central Wisconsin (CACSW) and Advocap. In 1995, Advocap established one of the first IDA programs in the nation with 63 participants. They were also accepted into the American Dream Demonstration in 1997, enrolling 82 IDA participants. In June 1998, the CACSW created partnerships with a community foundation, local credit unions, and a local congregation to raise resources for an IDA program.

Before AFIA, the WISCAP network lobbied hard for a statewide IDA program funded through state TANF funds. This initiative failed to pass the Wisconsin legislature although it had wide support. Given their strong interest in creating a statewide IDA program, WISCAP took the lead in developing the proposal for AFIA funding and in November 1999 received its initial AFIA grant of $500,000. At the same time that WISCAP applied for AFIA funding, it also applied for and received ORR funding.

3.2 Project Administration

Organizational Partnerships and Roles

Five organizations have collaborated to administer the SDC IDA project:

- Wisconsin Community Action Program (WISCAP) Association;
- Social Development Commission (SDC) – Community Relations;
- Wells Fargo Bank;
- Legacy Bank; and
- Guaranty Bank.

The *Wisconsin Community Action Program (WISCAP) Association*, the grantee, is a professional network, or trade association of Wisconsin's sixteen community action agencies (CAAs) and three special-purpose organizations: the United Migrant Opportunities Services (UMOS), the Coalition of Wisconsin's Aging Groups, and the Foundation for Rural Housing. WISCAP is a private, not-for-profit, 501(c)(3), tax-exempt corporation. It is governed by a policy-making Board of Directors consisting of the Executive Directors of each of its member organizations. The member organizations and WISCAP function as a network of agencies providing economic opportunities to low-income people in Wisconsin. WISCAP has experience in designing, establishing, and managing statewide anti-poverty programs.

> ***Role of the Grantee in Multi-site Projects***
>
> **WISCAP plays an important role in the fourteen IDA projects it funds, including:**
>
> - **Fiscal management of the grant funds.**
> - **Providing technical assistance to the IDA projects.**
> - **Serving as the liaison between the IDA projects and the program office.**

Fourteen WISCAP member agencies state-wide operate an IDA project. WISCAP's responsibilities as the grantee organization include: subcontracting with member organizations; allocating/reallocating funds; training and technical assistance to members; program accounting and cash management; and acting as the liaison between the individual IDA projects, HHS, and PeopleWorks (the Maryland-based AFIA technical assistance contractor).

> ***Tip for Practitioners***
>
> **Quarterly meetings and roundtable discussions with staff from other IDA projects in the state have been very valuable for sharing information and discussing IDA issues.**

WISCAP has established quarterly IDA Roundtables to facilitate the provision of peer support, technical assistance, sharing of information, discussion of operational issues, policies and procedures, fundraising, fund management, and evaluation. Roundtables, involving member agency staff, meet every three months as part of WISCAP's Quarterly Meetings. WISCAP also has information about the IDA projects on their web site.

Two other state-wide programs coordinated by WISCAP help to support the AFIA statewide initiative. SDC administers both of these programs under WISCAP's management. The first program is the ORR-funded IDA project, which was described earlier. Resources from the ORR and AFIA IDA projects are leveraged by using the same staff person to run both programs.

The second WISCAP program that supports the AFIA project is the Job and Business Development (JBD) Program, funded by the state since 1990. The program helps low-income entrepreneurs start or expand small businesses. Local agencies provide business management and financial planning assistance and often provide small seed-capital financing opportunities for the business through "revolving loan" funds. Any IDA participants interested in micro-enterprise are referred to this program for asset-specific training.

The Social Development Commission (SDC) – Community Relations, one of WISCAP's member organizations is responsible for administering the AFIA project to participants in Milwaukee County. SDC was founded in 1963 by the City of Milwaukee to study the causes of poverty. In 1964, during

President Johnson's War on Poverty, SDC became Milwaukee County's Community Action Agency. Today, SDC operates with a current annual budget of $32 million. "Empowering Milwaukee County residents to move beyond poverty" is SDC's mission. SDC has a staff of 350 employees most of which provide direct services to the clients. The AFIA IDA project, the ORR IDA project, and the Job and Business Development program, are all administered by SDC and overseen by WISCAP. SDC also operates approximately 25 other social service programs including Head Start, Food Service, Family Crisis, Senior Meals, Transitional Living Center, Tax Preparation, Education and Training, Energy Assistance, Food Pantry, Crime Prevention, Veterans Coordination Project, Victim Assistance, and Youth Development.

SDC's responsibilities on the AFIA project include raising the non-federal match funds, developing partnerships with financial institutions and other community-based organizations, hiring an IDA Supervisor, assisting in recruiting qualified project participants, hosting project orientation sessions, monitoring participant progress, and providing the financial education and training curricula.

Milwaukee Asset Building Coalition-MABC

A benefit of SDC's involvement in the IDA project is the development of MABC, a city-wide collaboration dedicated to increasing assets among Milwaukee's low income residents. The Coalition seeks to improve awareness regarding the EITC (earned income tax credit) and asset building. This will be accomplished through expanding access to free tax preparation assistance and increasing asset-building opportunities through IDAs, and Milwaukee's Get Checking program. This has also created new partnerships and participant referral sources for SDC's IDA project.

The AFIA and ORR projects are critical building blocks in the Milwaukee Asset Building Coalition (MABC). The MABC is an initiative that supports Milwaukee residents in achieving financial independence. The MABC is a public/private partnership that includes SDC as the coordinating partner, governmental agencies, financial institutions, and other community-based organizations, foundations, and businesses.

Tip for Practitioners

Promoting EITC awareness and the IDA concept at tax preparation services for the low-income is an effective way to recruit low-income working families to the IDA project.

The first step in the initiative is improving awareness and education regarding the Earned Income Tax Credit (EITC) and asset building. Expanding access to free tax preparation services is the second step. The final step is to increase asset-building opportunities by referring clients to the Get Checking program, the IDA projects, and financial literacy training. It is estimated that an additional 5,000 EITC filers would bring $7 million additional dollars to Milwaukee's poorest communities. Utilizing their EITC, many individuals could open IDAs. In the past year, thirteen Volunteer Income Tax Assistance (VITA) sites prepared taxes for over 3,000 individuals. SDC conducted outreach for their IDA program at the VITA sites, yielding a large database of interested eligible individuals.

Wells Fargo Bank, SDC's original financial partner, held the original 47 IDA accounts. They had taken over the Nor'west Bank, who previously had held SDC's business accounts. Wells Fargo is no longer accepting any more IDA accounts from SDC. The decision to no longer participate in the IDA program was made at the corporate level, not the local level. At the local level, the partnership was working well.

Legacy Bank has recently partnered with SDC to support the IDA accounts funded by the supplemental grant. Located in a very distressed north side neighborhood near one of SDC's locations, Legacy is the first bank in Milwaukee owned exclusively by minorities and women, and is interested in contributing to the neighborhood's economic development by providing financial services to local businesses and residents. As a community development financial institution (CDFI), Legacy Bank's partnership with SDC helps them achieve their goal of helping residents establish savings accounts for the purpose of investing in a home, business, or education.

Guaranty Bank has also recently partnered with SDC to support the IDA accounts funded by the supplemental AFIA grant. They are interested in becoming nationally chartered, and motivated to participate in the IDA project because of the Community Reinvestment Act (CRA) credits they will receive. Guaranty Bank also has several branches in the Milwaukee area and can thus provide wider geographic coverage for SDC's IDA participants.

Staffing

WISCAP, the statewide coordinator of the IDA programs, provides technical assistance to its fourteen local IDA projects. Two of WISCAP's eleven staff members are involved in this effort: the Executive Director and the Director of Job and Business Development (JBD) and IDAs. The Director of JBD and IDAs has the full-time responsibility of managing the multi-site statewide IDA and JBD projects and ensuring the successful implementation and operations of these projects. WISCAP has also established an IDA Technical Assistance Team that consists of persons within the WISCAP network who have previous IDA experience, such as the Director of the Advocap IDA project.

Tip for Practitioners

One inexpensive source for additional IDA staff is the VISTA (Volunteers In Service To America) program. VISTAs receive a minimal living stipend, paid by the organization where the volunteer is placed or by the Corporation for National Service, the federal agency that administers the VISTA program.

SDC, the administering organization for the two local IDA projects (AFIA and ORR), has a staff of about 350 people. Three SDC staff members are directly involved in the administration of the IDA projects, including the Adult Services Team Manager who spends about 25 percent of her time on the IDA projects. The IDA Supervisor and the Americorps VISTA Volunteer are the primary contacts for all IDA participants and each spends 100 percent of their time on the IDA projects.

SDC's IDA staff are responsible for reviewing the bank statements they receive from the bank each month. They monitor the account activity and then forward the statements to the participants, along with any reminders about missed deposits or upcoming training sessions. They are also responsible for maintaining MIS IDA, which has been very time consuming. The IDA staff counsel the participants on their goals and credit repair progress, and they conduct the financial training sessions. When a participant is ready to purchase their asset, the IDA staff assists them in obtaining the appropriate asset–specific training. SDC staff are also responsible for reviewing the Match Withdrawal Form, verifying the eligibility of the withdrawal, and writing the check for the matched funds.

SDC has been approved for three VISTAs (Volunteers In Service To America) for three years. The additional staff will enable SDC to scale up their IDA program. VISTA is a federal program that offers citizens a chance to volunteer for a year or more in a community service organization.

Each of SDC's financial partners (Wells Fargo, Guaranty, and Legacy) has designated a contact person for the IDA projects. The IDA staff are in contact with each of the bank's representatives about the IDA participants. Their small role in the projects includes helping participants open their accounts and assisting at the financial training sessions.

The AFIA project is very labor intensive for both SDC and WISCAP. Both organizations are able to staff the project adequately because they have leveraged funding from their ORR and JBD projects. In both organizations, the same committed staff who began with the IDA project are still involved with the project. SDC feels fortunate that they will get help from the VISTA program. Without help from the VISTA volunteers, they would not have the capacity to scale up their program

3.3 Participant Recruitment and Screening

Recruiting eligible and interested participants has not been difficult for SDC. Originally, much of their outreach was to refugee populations in Milwaukee, such as the Bosnians, Serbians, and Hmong, as a result of the ORR funding. Currently SDC is targeting other minority low-income populations in the Milwaukee area for the AFIA slots.

SDC was very successful in recruiting refugees because they hired IDA staff from these refugee communities. One of the IDA staff member's is related to one of the elders in the Bosnian/Serbian church and has helped the IDA project establish credibility in this community. This relationship allowed SDC to recruit a number of refugees for the AFIA project. Refugees make up about one-third of the AFIA participants.

The rest of the participants come from referrals from other SDC programs and other community-based organizations. To recruit these participants SDC used a variety of methods. They made presentations to community-based organizations, distributed IDA brochures at free tax preparation sites, did interviews with local newspaper and television stations, and relied on word-of-mouth advertising.

Tip for Practitioners

Generate interest in the IDA project by promoting it in the media (e.g. newspapers, radio, television). After SDC's Executive Director did an interview about IDAs on the local news, they received 300 telephone calls from interested individuals.

As part of the screening process, all interested individuals must attend a number of meetings/sessions related to the IDA project and its requirements. This indirect screening method ensures that participants are truly interested in enrolling in the project. Interested individuals must meet one-on-one with the IDA staff person several times before enrolling. Once eligibility is determined, the IDA staff person assists the participant in developing a savings plan including a savings goal and budget.

3.4 Financial Education and Training

Each of the IDA projects operating in Wisconsin, including SDC, is responsible for establishing its own financial education and training component, using available resources within their agencies and communities. This allows each individual project to customize their financial and training component to the needs of their participants. In addition, Advocap, WISCAP's member agency with prior experience with IDAs, made accessible their basic money management skills training program to all WISCAP member agencies operating an IDA project.

The AFIA project at SDC requires that participants attend a 12-hour financial education (three four-hour sessions) and a four-hour asset-specific training. Sessions are offered on weekday afternoons or evenings. SDC staff and their financial partners teach the financial education component of the AFIA project. One of the biggest challenges in offering the financial education component is the scheduling of the sessions. The schedule needs to work for the SDC staff, the financial institution staff, and the IDA participants.

SDC customizes their financial education curriculum to meet the needs of their participants. For example, with many of the refugee participants, the emphasis is on introducing them to American financial institutions and practices. Many refugees already understand the importance of budgeting and asset building, but need help understanding the system. With the more traditional low-income populations, the emphasis is on the importance of budgeting and establishing good credit.

SDC has also partnered with Get Checking, a program that qualifies someone access to checking account services, even if they have had prior problems with financial institutions. Get Checking is offered by the University of Wisconsin-Milwaukee County Extension School and thirteen banks and credit unions in the Milwaukee area. It includes a credit repair and financial literacy component. This has proven to be a valuable referral source for some IDA participants.

For the IDA participants funded by the supplemental AFIA grant, SDC ordered 200 copies of "Finding Paths to Prosperity," a financial education curriculum and manual produced by Corporation for Enterprise Development (CFED), the Fannie Mae Foundation, and the National Endowment for Financial Education. It covers the topics such as: Financial Literacy, Money Management, Obstacles and Attitudes Toward Money, How to Find Money to Save, Record-keeping, Budgeting, Understanding Credit, Financial Institutions, Investing, and Putting Your IDA to Work for You. At the time of the visit, SDC had not yet implemented this new financial literacy program.

Asset building skills and asset-use skills are covered in the SDC's financial training component. SDC is in the process of refining these curricula for the new IDA participants. Home purchase is the most popular goal among SDC's AFIA participants. The IDA Supervisor is certified as a home-buying counselor and assists the IDA participants interested in purchasing a home. SDC has also partnered with Housing Resources, a non-profit organization that assists individuals in purchasing a home. Participants using their IDA to start a business are referred to SDC's JBD program. There is no formalized curriculum for participants using their IDA for post-secondary education.

3.5 Case Management and Support Services

Most of the financial services case management offered to IDA participants is provided by the IDA staff. SDC believes in a comprehensive case management approach to all their programs. The IDA staff are able to develop a close relationship with the participants during recruitment, orientation, the application process, and the financial education and training components. They individually assist participants in determining their asset and savings goal and address challenges that may affect participation. They maintain monthly face-to-face contact with most participants throughout their involvement in the project.

> ***Support Services***
>
> **SDC, a large social service agency offers more than 25 social service programs. This is a great resource of support for the IDA participants. SDC's programs:**
>
> - **Address basic life sustaining needs such as energy assistance, and shelter.**
> - **Contribute to the personal safety and well-being of the community such as drug abatement and victim assistance.**
> - **Assist those interested in completing their education or learning new job skills.**

As mentioned earlier, SDC is a large community action agency that provides many non-financial social services directly to their clients. Staff members are cross-trained on all of SDC's services so that they can easily refer project participants to the appropriate supportive services in addressing non-financial needs such as energy assistance.

3.6 Future Plans

SDC is in the process of scaling up their AFIA project. WISCAP has received a supplemental grant of $500,000 for four of its member organizations that are interested in expanding their AFIA projects. Most of the funding from the supplemental grant ($416,000) is earmarked for SDC, to support 380 additional AFIA accounts. Most of the referrals for these IDAs will come from the MABC effort. SDC will hire three VISTA Volunteers to help manage the IDA project and bring it up to scale. One VISTA Volunteer was hired in August 2002, while the other two will start in December 2002.

3.7 Lessons Learned

WISCAP and SDC staff were able to cite some lessons learned during the implementation of the AFIA project.

- ***A benefit of participating in the AFIA project is the positive effect on organizational capacity, by attracting additional resources and partnerships.*** SDC has been successful in using IDAs to help promote the MABC initiative, a partnership of many public and private organizations in Milwaukee dedicated to offering asset-building strategies to the working poor of Milwaukee.

- ***Financial education and training curricula need to be flexible to meet the needs of the AFIA participants.*** Given the differences between refugee populations and other low-income population, SDC has found it necessary to customize the financial and education components of the AFIA project to the participants' needs.
- ***An AFIA project can be more successful if the administering organization offers IDAs as one of many services, rather than as a stand-alone project.*** This probably is due to the lack of adequate administrative funding in the AFIA grant, especially in a multi-site program. The administering organization must be able to leverage other resources to staff and operate an AFIA project adequately.

Chapter Four: YWCA of Greater Pittsburgh

This chapter describes the AFIA project operated by the YWCA of Greater Pittsburgh, located in Pittsburgh, Pennsylvania. This IDA project operates throughout the city of Pittsburgh, targeting those served by the city's housing authority, specifically public housing residents and holders of Section 8 housing vouchers.

According to the 2000 Census, the population of Pittsburgh's central city was 334,600. In 1999, according to the Census Bureau, the poverty rate in the central city was 20 percent. The median family income in 1999 was $38,800. Approximately 48 percent of families with children were headed by a single parent in 2000. Whites make up the majority of the population, accounting for 67 percent of the central city's population. Blacks comprise 27 percent, and Hispanics and members of other races, 6 percent.[25] Approximately 19 percent of adults over age 25 did not finish high school.

With respect to housing, approximately 12 percent of the central city's housing units were vacant, according to the 2000 Census. Housing is inexpensive compared to other many metropolitan areas: the median value of owner-occupied housing was $57,800.

Part of the rationale for the AFIA grant application was to tap the base of potential homeowners served by the public housing authority. Although exact figures are not given, the AFIA grant proposal notes that there are many working people residing in Pittsburgh's public housing, making them good candidates for homeownership. The AFIA proposal notes that earned income is the second most common source of income, after social security and before public assistance. There are racial disparities in these figures. Relatively more blacks than whites have incomes below the national median (53 percent of blacks compared to 28 percent of whites), and homeownership rates are lower for blacks than whites. The vast majority of public housing residents are black.

4.1 Project Design and Background

The key features of this IDA project are:

- A total 4:1 match rate, with a maximum of $1,000 in deposits and a maximum match of $4,000 (including equal federal and nonfederal matches).
- Homeownership is the only authorized use. All mortgage applications must be made with Dollar Bank, the financial partner.
- Project requirements consist of a Letter of Agreement, a minimum monthly deposit of $40, completion of an 8-hour homeownership course, and participation (if necessary) in a credit counseling program.

[25] These figures are for non-Hispanic blacks and whites.

- The target population consists of Section 8 tenants and residents of City of Pittsburgh public housing.
- The project was designed to make use of partners' existing programmatic and staff resources rather than to "reinvent the wheel" by developing project elements specifically for the IDA project.

A total of 140 IDA accounts are funded by the AFI grant. At the time of our second site visit in May 2002, 38 accounts were open and 14 other participants had already bought homes. Thus, funding remains for 88 accounts. Thirty-six accounts had been terminated for non-performance or had dropped out.

IDA Project History

This IDA project involves three partner organizations: the YWCA of Greater Pittsburgh (the grantee), the Housing Authority of the City of Pittsburgh (HACP), and Dollar Bank. The partnership was forged quickly when, only a month before the AFIA application deadline, the HACP heard about AFIA funding availability and quickly convened the other two organizations to suggest they together apply for the grant.

The HACP had previous relationships with both YWCA and Dollar Bank, although the two had not worked with each other before. The YWCA provides case management for the HACP's Family Self Sufficiency (FSS) program, composed of Section 8 recipients. Dollar Bank had been operating a homeownership education course, "Mission: Homeownership," for the HACP since 1998.

The HACP's rationale for bringing these organizations to the table was that each was already familiar with the HACP's constituency, and was known and respected by the HACP. Between them, the three organizations felt they had the expertise required to perform all the key IDA functions. There would be no need to design any of the functions from scratch. The HACP would be responsible for recruitment among its public housing residents and FSS participants, using its existing channels (e.g. newsletters and residents' meetings). IDA participants would be streamed into the bank's existing homeownership education course and credit counseling program, which were well established and were already handling caseloads in the hundreds. The YWCA was a necessary partner because only non-profit entities were eligible for AFIA funding. Additionally, the YWCA could also provide case management through its existing FSS caseworkers. These caseworkers would also be made available to IDA participants who were not FSS participants.

What has resulted is a decentralized program in which key activities (recruitment, case management, and financial education) are dispersed across three organizations. This decentralized arrangement leveraged each partner's expertise and made the most of pre-existing programs and resources. However, it has also resulted in a situation in which responsibility does not match up with accountability. Responsibility for critical project activities (recruitment, account management, and the delivery of the financial literacy and asset-specific training) resides in organizations other than the grantee, the one organization ultimately accountable for grant performance. The decentralized structure and the lack of enforceable accountability has made it difficult for the grantee to exert much control over how these activities are conducted.

4.2 Project Administration

Organizational Partners and Their Roles

The grantee is the YWCA of Greater Pittsburgh. Established in 1891, the YWCA provides services to Pittsburgh's low-income population in many areas of self-sufficiency and social service, including housing, employment, and health. For example, it provides employment and training services, offers health counseling, and operates a transitional housing facility, among other activities. Most relevant for the IDA project, the YWCA provides case management services for the HACP's Family Self-Sufficiency Program, a program open to Section 8 rental assistance voucher recipients.[26] The IDA project and the FSS program are managed by the same YWCA staff member.

The Housing Authority of the City of Pittsburgh operates public housing developments throughout the city, the Section 8 subsidy program, and employment and self-sufficiency programs. The IDA liaison with the HACP is the Homeownership Opportunities Manager. Along with the IDA project, he has responsibility for coordinating all homeownership programs throughout the city for the HACP.

Dollar Bank is a large institution considered to be one of the most active locally in serving the low-income population. It offers a range of products and services targeted to the low-income households, such as its "Mortgages for Mothers" program. Since 1998 the bank has been under contract with the HACP to provide a homeownership course and credit counseling to public housing residents (the "Mission: Homeownership" program). The bank also provides homeownership assistance of its own, such as grants up to $3,000 that can be applied to down payment. The bank services about 250 to 300 clients at any one time with its homeownership course and credit counseling. It also sponsors large-scale public outreach events for these programs. Dollar Bank is the sole provider of matching funds for this project. The bank's stature locally, its familiarity with this population, its ability to service large numbers of people in its homeownership programs, and its willingness to provide the entire amount of the matching funds required by AFIA made it an obvious choice as an IDA partner organization.

The key functions of the IDA project are divided as follows. Although all three partners publicize the IDA project in the course of their other activities, the lead organization for recruitment is the HACP, since it has ready access to the target population of public housing residents. Project orientation and some case management is the responsibility of the YWCA, since the YWCA already provides case management to FSS clients. Financial literacy training, credit counseling, and related financial case management are all provided by Dollar Bank as part of its pre-existing homeownership program,

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[26] The FSS program provides employment-focused case management and asset development assistance. Participants enter into a five-year FSS contract that specifies the actions to be taken by the public housing authority and the client. Participants have the opportunity to accrue escrow "savings" as their earned income increases and their rental subsidy decreases. The participant can claim the balance of the escrow upon successful completion of the FSS contract, and many apply it toward homeownership. In June, 2001 there were approximately 260 FSS participants (of which about 15 had opened IDA accounts). One year later there were approximately 275 FSS participants. The only intersection between the IDA project and the FSS program is that IDA accountholders who are FSS participants can, upon completion of their FSS goals, deposit the escrow amount (up to $1,000) into their IDA account - thereby obtaining a 4:1 match on that money.

"Mission: Homeownership." As can be seen, virtually all the IDA functions were superimposed onto each organization's existing programs and services. Apart from grant administration, which is performed by the YWCA as the grantee, no "new" program components were developed specifically for the IDA project. This was a deliberate decision that was made to leverage what was already there, rather than reinvent the wheel.

Although all three partners had originally agreed upon the project's initial requirements and policies, differences in organizational philosophies soon emerged, and these have created tensions that have affected the project. As a social service agency, the YWCA viewed IDAs as a tool for self-empowerment and savings discipline. It did not believe in instituting participation requirements that might discourage participants. Thus, it established a fairly low minimum required deposit of $10 per month and had high tolerance for low-activity accountholders. The YWCA viewed IDA success in terms of the potential to transform lives, even apart from attainment of savings goals.

Dollar Bank, in contrast, viewed IDAs as one financial incentive among the many that it offers. It viewed a "successful" IDA account as one that resulted in an approved mortgage (with Dollar Bank) and a home purchase. Thus, the bank favored restricting IDA participation to those most likely to become mortgage ready. Based on its extensive track record helping the poor purchase homes in the Pittsburgh area, the bank felt that it, more than either of its partners, was in the best position to identify those most likely to succeed. It saw no value in spending resources to sustain IDA accountholders who were unlikely to become mortgage ready in the required time.

A second factor was the bank's strong sense of ownership of the IDA project, because the project was folded into its homeownership program and because it contributed a match equal to the AFIA grant amount. (Indeed, because Dollar Bank is the entity with which IDA participants have the most direct contact, many participants view the IDA project as "the bank's program.")

These factors caused tension between the partners in the first year of the project, and continued to do so into its second year. The bank was frustrated by having to provide services – maintaining accounts and providing the homeownership course and credit counseling – to individuals who were unlikely to succeed. This frustration was all the sharper because a staff shortage made it difficult to serve its large number of homeownership program clients. In June 2001 Dollar Bank conducted an internal review of its operations with respect to all of its homeownership programs, including the IDA project. Subsequently, the bank unilaterally instituted a number of changes:

1. It stopped attending the monthly meetings between the IDA partners, at which account activity was reviewed and policies discussed. This effectively ended regular and systematic communication between the partners. At the time of our second site visit in May 2002, communication between the partners occurred on an ad hoc basis.
2. It terminated low-activity accounts – that is, those who were not demonstrating a commitment to the project by making regular deposits, attending class, and keeping credit counseling appointments (17 of the 65 accounts open at that time).
3. It raised the minimum monthly deposit from $10 to $40.
4. It adopted a three-tier triage system that effectively restricts IDA participation to those who can become mortgage-ready within one year.

5. It announced that it would no longer accept responsibility for account monitoring and follow-up (such as sending termination letters to low-activity accounts). These tasks fell to YWCA as the grantee, and the YWCA struggles to perform them without additional staff resources.

Staffing

The staff associated with the IDA project, and their responsibilities, are summarized below.

At the YWCA, a project director oversees the IDA project as well as the organization's FSS program. To assist with recruitment, she has written articles that have appeared in housing authority and YWCA newsletters and has made presentations about the IDA project to Dollar Bank's "Mission: Homeownership" participants. She is assisted by an administrative staff person who conducts MIS-IDA activities as well as account monitoring and follow-up. FSS caseworkers conduct IDA program orientations and nominally are responsible for case management of IDA participants, although in fact they rarely hear from those who are not FSS participants. Executive oversight of the IDA project is provided by the Senior Director of Asset Development and Equitable Housing.

At the Housing Authority of the City of Pittsburgh, the Homeownership and Opportunities Manager is responsible for the IDA project, as well as for all the PHA's homeownership programs and the Family Self-Sufficiency program. It is essentially a one-person operation. He conducts the initial eligibility check, reviewing the self-reported application information. He also conducts outreach through HACP channels such as presentations at resident councils and newsletter articles. However, staffing constraints limit the amount of time that can be spent on these activities.

At Dollar Bank, there is one trainer/credit counselor who provides the classroom-based homeownership training and personalized credit counseling. She has been the consistent presence since the early days of the IDA project. At the time of our May 2002 site visit, she was carrying a caseload of approximately 300 individuals, of which 30 were IDA participants. In the past, there has at least twice been a second trainer/counselor, but staff turnover has been a problem. Until June 2001, when this task was devolved to the YWCA, the trainer/counselor also conducted account monitoring. A clerical staff person informally continues to monitor IDA accounts, however, to make sure the bank is "on top of" IDA account performance. The Vice President for Community Development oversees the project and becomes involved only when higher-level policy issues arise.

The pivotal roles played by the HACP and Dollar Bank are essentially unfunded mandates. In retrospect, staffing levels at the three organizations were probably insufficient to take on the additional IDA tasks. All three organizations suffer from staffing shortages and are hard pressed to conduct some of the administrative and substantive functions of the IDA project. As described in more detail later, it was a staffing shortage that led the bank to adopt a triage system for IDA applicants and to reduce its account monitoring role, and that has compromised the HACP's recruitment efforts.

4.3 Participant Recruitment and Screening

The target population for this project is public housing residents and Section 8 tenants served by the Housing Authority of the City of Pittsburgh who are paying at least $350 per month out of pocket for rent. The target population for the IDA project has not changed since the project's inception.

Recruitment has been difficult for this project. Respondents believe there is a sufficiently large pool of eligible potential applicants (approximately 4,500 Section 8 voucher holders). The fact that Dollar Bank does not have trouble filling non-IDA slots for its "Mission:Homeownership" program suggests that there is ample demand for this sort of assistance. The difficulties seem to stem from staffing constraints that have compromised the amount of attention paid to this aspect of project operations. Initially, recruitment was to be conducted primarily by the HACP using its existing channels such as newsletter articles and presentations before resident councils. Although the HACP was in some ways the logical choice for this task, recruitment was an unfunded mandate assigned to an HACP office that is essentially a one-person operation with many other responsibilities.

Recruitment failed to produce large numbers of applicants for the pipeline largely because there was little staff time to devote to it at the HACP. The YWCA has attempted to help by working with the HACP in the summer of 2001 to develop an outreach plan. This has suffered from limited follow-through. The YWCA continues to assist with recruitment, for example by writing articles periodically for the HACP newsletter and by actually doing the production work on mass mailings to potential participants using the HACP's mailing list of tenants. Dollar Bank also promotes IDAs at its outreach events. But ultimately neither HACP nor Dollar Bank are accountable for recruitment success; the YWCA is. Because the responsibility for recruitment was not backed by adequate capacity and by enforceable accountability, when problems arose with the original strategy, the task fell to the grantee. In consequence, at the time of our second visit the project had filled only about 38 percent of its funded accounts.

With respect to participant screening, the HACP performs the initial eligibility check against AFIA guidelines. Eligible individuals are then referred to the bank for a financial assessment. It is the bank that determines whether an applicant can be accepted into the IDA project.

From the beginning, the IDA project intended to serve individuals most likely to succeed. One project principal characterized the project as "cherry-picking from the neediest population." Nevertheless, project requirements were not stringent in the beginning. For example, the minimum deposit was low ($10/month), and the project carried a sizable number of low-activity accounts in its first year. In June 2001 these requirements were made significantly more stringent. Minimum monthly deposit was raised four-fold, and a triage system was instituted at Dollar Bank that allocates more staff time to those who are the most "mortgage ready."

Tips for Practitioners

The project instituted a "triage" system that allocates the greatest amount of staff time to individuals considered likely to become mortgage ready within one year. Those who are further from mortgage-readiness also receive services, but not as intensely – until they "graduate" to becoming mortgage ready within a year. This focuses limited staff resources on individuals most likely to be mortgageable.

What prompted these changes was Dollar Bank's staffing challenges. The bank had experienced high turnover in its trainer/credit counselor positions in recent years, and it was stretched thin trying to serve a caseload in the hundreds with only one principal trainer/credit counselor. In June 2001 the bank undertook a systematic internal review of all of its homeownership programs, including the IDA project. It concluded that, while it was easy for the counselor to identify people's "mortgagability" at the initial assessment meeting, the bank was dedicating the same amount of staff time to everyone, even those whose credit and other problems were so severe that they were clearly "long shots." At the time of our first site visit, for example, every participant in any of Dollar Bank's programs could attend the homeownership course and receive long-term, one-on-one credit counseling, even if they were very far from being "mortgage ready." Thus, the bank concluded that valuable staff time was being spent on individuals who might never become mortgage ready.

Dollar Bank developed a new way of operating all of its homeownership programs, including the IDA project. It focuses staff resources on participants who are likely to result in approvable mortgage applications in a "reasonable" period of time. Under this system, instituted in June 2001, only individuals who are felt to be "good bets" for becoming mortgage ready would continue to receive intensive one-on-one staff service. Others would receive less intensive services until they had made enough progress to "graduate" to the ranks of the nearly mortgage-ready.

As before, applicants attend an initial one-on-one financial assessment session in which the trainer/counselor reviews the credit report and helps the applicant develop a homeownership strategy. She then groups applicants into one of three categories based on her assessment of their potential to become mortgage-ready within a "reasonable" period of time, defined as:

1. Less than 6 months
2. From 6 to 12 months
3. More than 12 months

Only individuals in groups (1) and (2) are eligible to open IDA accounts, attend the homeownership course, and receive one-on-one credit counseling. The bank's own data suggested that very few of those in group (3) ever result in mortgage applications; thus, these individuals receive only quarterly meetings with the trainer/counselor, although they can call for help when needed. They cannot open IDA accounts, attend the homeownership course, or receive formal one-on-one counseling until they "graduate" up to group (2). Individuals are told of their group assignment and encouraged to work hard to "graduate" to the next level.

After one year of experience with this triage system, Dollar Bank was very satisfied with the results. Restricting eligibility has meant that class size in the homeownership course has been reduced from about 50 to 15. Because the course is taken closer to the time of home purchase, the information is retained better. Bank staff members now have time to operate a peer support group. The bank also has observed a powerful motivational effect as individuals engage in friendly competition to "graduate" to the next level.

Dollar Bank instituted the triage system as an internal decision affecting all of its homeownership programs. From the perspective of the IDA project, however, it was a decision taken unilaterally. Although both the YWCA and the HACP were not happy with what they perceived as the non-collaborative nature of the process, they both acknowledge that the triage system appears to be moving people through the IDA process efficiently, while not “abandoning” those with more severe financial problems.

4.4 Financial Education and Training

Financial education and training consists of Dollar Bank's pre-existing homeownership course. The course was not altered in any way because of the IDA project. Because homeownership is the only authorized use in this project, financial literacy and financial training are one and the same. The bank utilizes a homeownership curriculum developed by the Fannie Mae Foundation that covers topics such as how to shop for a real estate attorney, and explains a Purchase and Sale agreement. A total of eight hours of classes are offered: four sessions of two hours each. Unlike classes at some other sites, childcare and dinner are not provided for the evening classes. It is impossible to know whether this deters some people from attending; certainly attendance is high even without them. Classes are held throughout the year; participants enroll for the next available session. They are held for participants of any of the Bank's homeownership programs, not just for IDA participants. Bank staff feels that mixing IDA clients with non-IDA clients works well since all of them have the same general profile, and in fact gives IDA clients the benefit of interacting with a larger peer group.

One-on-one credit counseling is provided in tandem with the course, typically monthly. The content of the homeownership course has not changed over time but, as noted in the previous section, the timing of the services associated with it has changed. Before the triage system was instituted in June 2001, monthly one-on-one credit counseling had been available to everyone, for periods lasting from several months to over two years. With the institution of the triage system, only participants within one year of being mortgage ready are eligible to receive one-on-one credit counseling.

The staff time freed by adoption of the triage system has enabled Dollar Bank to also provide peer support sessions. Peer support became a priority when the bank identified in its internal review that many homeownership-program participants who were ready for home purchase nevertheless hesitated to enter the housing market. The main reasons were motivational ones rather than ineligibility: many individuals were intimidated by the housing market and knew no one in a similar position. The peer support sessions are held every three weeks on a drop-in basis and often feature successful former participants who have purchased homes. The bank notes that these have had powerful motivational effects.

The financial education activities were highly regarded by the IDA participants we interviewed.[27] They spoke very favorably of the homeownership course and the trainer/counselor. Many felt that she was overworked with such a large caseload, but they felt she was accessible to them and very helpful. Participants viewed the IDA project as Dollar Bank's program and are unclear about the role of the YWCA. Accountholders did not appear to receive – nor to expect – support services or extensive case management from the bank, nor from the YWCA. By definition, participants have already determined that homeownership is their goal (in contrast to projects that allow a more "exploratory" mindset where participants can determine the specific use after the account is opened). They viewed the IDAs as a helpful vehicle to get them to where they already knew they wanted to go. Participants clearly viewed IDAs as a financial *product* – a useful financial incentive – rather than a transformative *program* to help them rethink their lives.

> ***Helpful Hint***
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> **Many homeownership clients "freeze" at the point of home purchase (for example, even if preapproved for a mortgage, they hesitate to make an offer). To help overcome this inaction, the bank gave higher priority to peer support. At drop-in sessions offered every three weeks, homeownership clients can listen to successful graduates and interact with each other. This has had a powerful effect, reports the bank, on helping clients get "over the hump."**

4.5 Case Management and Support Services

Case management is nominally the responsibility of the YWCA through its Family Self Sufficiency caseworkers. The project was originally designed so that IDA participants who are enrolled in the HACP's FSS program would receive IDA case management in the course of their FSS case management (but even non-FSS members could have access to these caseworkers if desired). Other public housing residents would obtain case management through the HACP. At the time of our first site visit in June 2001, there were two FSS caseworkers. At our May 2002 site visit, there was one caseworker for a caseload of 275 FSS clients, with plans to hire two more. In fact, the role of the FSS caseworkers has been primarily to conduct the initial orientation session in which IDA project rules and requirements are explained.

Sometimes this occurs well after the IDA account has been opened because the account is opened by Dollar Bank and information does not always flow smoothly between the two organizations. There is no indication that such lags have caused significant problems, however. Some IDA-related case management does appear to occur for FSS participants, but those who are not FSS participants have no relationship with the FSS caseworkers and rarely call on them.

Effectively, most of the IDA related case management is financial in nature and occurs in the course of the credit counseling provided by Dollar Bank. Most respondents noted that if an IDA participant has a problem, she would be most likely to call the bank's trainer/credit counselor. The IDA participants we interviewed spoke highly of her dedication and helpfulness. However, because the bank is not in the business of providing the type of comprehensive case management that a social service agency would, it appears that the type of assistance offered is that directly related to financial

[27] We spoke to five IDA participants in our first site visit and one participant during our second site visit.

matters (“what should I do if I can’t pay my utility bill this month?”) rather than to more general life situations (“what should I do if I lose my job?”). However, because the project so explicitly screens for those who are very likely to succeed in attaining their savings goal, this financial focus is not necessarily a problem. Thus, decisions about which types of clients to serve, can have important implications for what services need to be provided.

Failure to demonstrate a commitment to the project is met with a form letter indicating that deposits must be resumed or the account will be terminated. There are no formal criteria for deciding when to terminate an account. A combination of factors is considered, including failure to make regular deposits, keep credit counseling appointments, and attend class. Since the three-tier selection system was adopted, however, low-activity accounts have been less of a problem almost by definition, as such individuals are unlikely to be accepted into the project in the first place.

4.6 Future Plans

The partnership challenges of this experience were cited as reasons for choosing not to continue this project after the AFIA grant expires. The HACP is not in a position to continue this project on its own. Dollar Bank will not renew its participation, regarding it as more efficient to simply fund and operate such a project internally rather than collaboratively. For its part, the YWCA would also not renew this particular partnering arrangement, although it remains interested in pursuing IDA opportunities with other partners. Each of the three partner organizations, however, remains convinced of the value of IDAs to this population. At the time of our 2002 site visit, the YWCA was in the midst of applying for state funding for a 100-account IDA program. The proposed new IDA program would be managed more centrally by the YWCA and would apply to all YWCA clients (not just to the HACP population). The YWCA feels strongly that the AFIA grant provided valuable experience. It hopes to apply these lessons learned to extending IDAs to a larger population.

4.7 Lessons Learned

To make the most of existing resources, this project “piggybacked” IDA functions onto the existing programmatic infrastructure at three partner organizations. It resulted in a decentralized project, illustrating both the advantages and disadvantages of such an approach. These have important implications for other projects that are considering such an approach.

On the plus side, the project avoided developing systems for case management, financial education, and recruitment that were redundant with what already existed. However, these organizations were already overburdened in significant ways. The IDA functions were added to the existing responsibilities of the already overworked staff at all three organizations. The lack of administrative funding to support these additional responsibilities meant that these were unfunded mandates at each organization. When the YWCA's partners proved unwilling or unable to conduct their activities, these additional tasks fell to the grantee by default.

There were also issues of accountability. Decentralization contributed to a situation in which the grantee has little influence over functions that critically affect project performance, such as recruitment, screening, and the conduct of financial education. But the grantee has little leverage in how its partners operate their portion of the project or in enforcing project requirements, such as obliging participants to come in for their orientation meetings.

This project also illustrates the hazards of depending on one source of matching funds. Dollar Bank's match funding gave it significant leverage in its dealings with the other organizations involved, and allowed it to implement important programmatic decisions unilaterally. Adding to this was the bank's strong sense of ownership of its homeownership program.

However – and this is significant – these factors do not appear to have compromised project *quality.* Indeed, the project is very well regarded by participants and appears to be doing well in terms of the number of people who have achieved their savings goals. The challenges that have beset this project have to do principally with *partnership* challenges.

This case study illustrates the factors to consider in adopting a similarly decentralized approach. Particularly when partners undertake key responsibilities, it is essential to "kick the tires" of the intended partnership in great detail, to avert problems later. Among the factors to probe carefully are:

- ***Organizational philosophies***. Is everyone on the same page about project priorities? Do the partners share the same vision of what an IDA project is all about, what constitutes "success"? Are there issues of project "ownership" that could compromise how partners relate to each other?
- ***Organizational capacities.*** Do partners really have the capacity (staffing, expertise) to take on the additional IDA functions? Is this an unfunded mandate? If so, what is the recompense that would make a partner willing to take it on?
- ***Mechanisms for accountability.*** Are there mechanisms in place to ensure that each partner is accountable for its performance? What would be the implications for the project if a partner cannot, or refuses to, fulfill its role? Who then would take on the task, and can that entity realistically do so?

Among the lessons learned noted by project respondents themselves are the following:

- ***In a project involving multiple partners, it is critical to identify roles and responsibilities ahead of time, not reactively, and to understand each other=s differing philosophies.*** There may be important philosophical differences that are not apparent at first, for example about whether IDAs are primarily a mechanism for self-empowerment program or simply a financial tool, and these have important implications for IDA policies. The differences between nonprofit organizations and for-profit firms were a surprise to each of the partners, in terms of each organization's transparency, its priorities, and general "world view."
- ***The lead project organization should carefully examine potential partners' organizational capacities in advance of committing to specific roles and responsibilities.*** One of the partners noted that even a clear delineation of responsibilities cannot compensate for deficits in the organizational capacity of partners to carry out their

roles. It is important to understand partners' staffing levels as well as the nature of staff members' expertise.

- ***Even if – especially if – responsibility for key programmatic elements is dispersed across several organizations, there needs to be one strong central point of control***. Some of the challenges associated with this project arose from the fact that project elements that were critical to the success of the project – most notably, recruitment and the provision of financial literacy training – were outside the control of the grantee, and the grantee had little voice in how these activities were conducted.
- ***One needs to expect that project tasks will take require more staff effort than may initially appear necessary***. Both Dollar Bank and the YWCA felt the IDA project has consumed more time and resources than expected and were frustrated by having to accomplish these tasks in already strained staffing situations where staff were already overburdened.
- ***Organizations contemplating IDA projects should try to learn as much as possible about what they entail in advance.*** Highly recommended were the Corporation for Enterprise Development's training workshops and other IDA resources.

Chapter Five: Tulane University

The AFIA project administered by Tulane University focuses on low-income residents of the city of New Orleans. According to the 2000 Census, the population of the central city was 485,000. Approximately 20,000 people live in public housing. In 1999 the central city of New Orleans had a poverty rate of 28 percent. The median family income in 1999 was $32,300. Approximately 55 percent of families with children were headed by a single parent. Blacks make up approximately two-thirds of the population (67 percent), with whites accounting for about one-quarter (27 percent).[28] Hispanics and members of other races comprise only 7 percent of the city's population. With respect to housing, approximately 12 percent of housing units were vacant in 2000.

Tulane's AFIA project targets New Orleans' poorest neighborhoods citywide: those with average household incomes of 80 percent or less of the area median income.[29] At the time the project was designed, according to the project proposal, these neighborhoods were characterized by a poverty rate of 46 percent and a child poverty rate of 61 percent. They also had fewer owner-occupied homes and more vacant units than other parts of the city. Many of the target population (approximately 34,000 residents) live in public housing operated by the Housing Authority of the City of New Orleans.

New Orleans is also characterized by relatively low levels of educational attainment and by high unemployment. According to the 2000 Census, fully 25 percent of adults in the central city have not completed high school. These problems are even more severe in the target neighborhoods. For example, unemployment was 13 percent city-wide at the time the AFIA proposal was written, but 19 percent in the target areas. A combination of systemic barriers (such as a low-wage economy and a distressed public educational system) and personal barriers (such as low levels of educational attainment) make self-sufficiency difficult for many residents, particularly those in the city's poorest neighborhoods.

5.1 Project Design and Background

Project Design

The key features of this IDA project are as follows:

- The project offers a 4:1 total match rate (funded by both federal and non-federal sources) for homeownership (up to a $4,000 maximum match), and a 2:1 total match rate for education or entrepreneurship (up to $2,000 maximum match).[30] By far the most popular authorized use is homeownership.

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[28] These figures are for non-Hispanic blacks and whites.

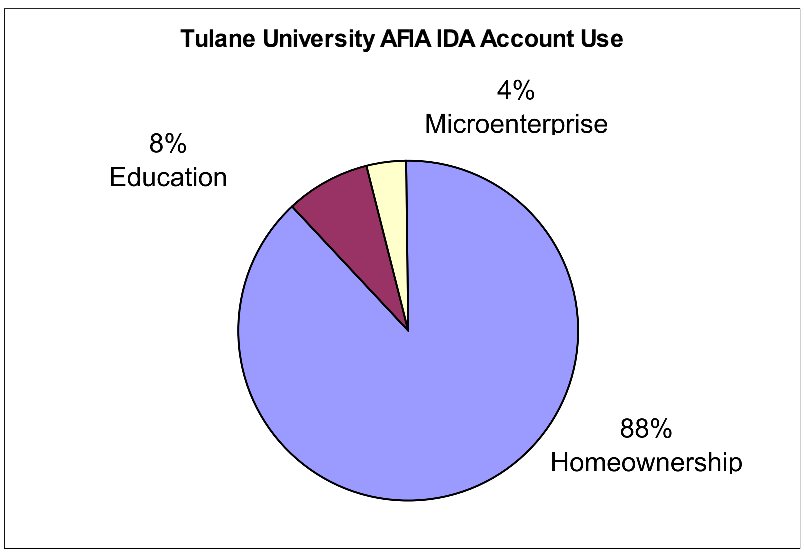
[29] For the New Orleans Metropolitan Statistical Area median income for a family of four is $44,000.

[30] The project designers set these match rates based on an analysis of the amount of startup capital required for each authorized use. Project principals estimated that purchasing an "affordable" home in New Orleans in the range of $60,000- $90,000 would require a down payment of $5,000; hence a match rate of 4:1 was needed. On the other hand,

- The target population originally consisted of public housing residents, although strong word of mouth has resulted in other (AFIA-eligible) participants joining.
- The IDA project has a decentralized structure. The project relies on a large number of partner agencies for recruitment, referral, and case management. Of these, two organizations have become the "core partners," while many of the others have turned out to have much smaller roles than originally envisioned.

A total of 72 IDA accounts are supported by the initial AFIA grant of $155,000.[31] The AFIA sponsored project operates in parallel with one funded by the Federal Home Loan Bank of Dallas (FHLB-Dallas) that supports an additional 50 IDA accounts.[32] The two projects are programmatically identical, and respondents do not distinguish between the two projects when discussing operational issues or the number of accounts. Indeed, these are seen as simply two different funding sources for what they term "the IDA program." The accounting systems for the two projects are entirely distinct and keep each source of funds separate, however.

At the time of our site visit in May 2002, all of the funded IDA accounts were opened, and there was a waiting list of approximately 100 people across the AFIA and FHLB projects. Seventeen participants had completed the AFIA project, all of them using the funds for homeownership. There had been about ten terminations in the AFIA project, some of them voluntary. Below is an illustration of the accounts opened, as reported by the AFIA grantee at the time of our visit.



for small business startup or an associates' degree, a $3,000 investment would be adequate to get one's foot in the door; hence a lower match rate for those uses.

31 The full requested amount had been $345,000 but this was reduced because funds from one listed match source, the Federal Home Loan Bank, had not been received yet (as required by the early AFIA rules). The number of accounts was accordingly reduced from 170 to 72. Subsequently a second AFIA grant of $800,000 was awarded; at the time of our site visit, the grantee was still raising match funds for this second AFI grant.

32 These are not IDA accounts in the strictest sense because the funds are delivered only at closing, but the FHLB project requirements – e.g. for financial literacy and asset-specific training – are much the same.

IDA Project History

The project was initially developed by Tulane University (specifically the individual who is now the IDA project director) and Hibernia Bank, which is one of the project's financial partners (specifically, a former employee of the bank, now working for the Federal Reserve in New Orleans). Since 1998, Tulane had operated a small, 10-account IDA project at a local public housing development. This experience convinced the project director that IDAs could be a powerful tool to help low-income households. She was eager to develop a larger project, informed by the lessons learned from the smaller one.[33]

For her part, the Hibernia Bank staff member became aware of IDAs in the late 1990s and also realized their potential, not only to transform individuals' lives but also to help her bank and the business community more generally. Anticipating that her bank would likely be solicited to support many small-scale IDA projects, she looked for a way to have a larger impact. The Hibernia staff person and the Tulane project-manager-to-be knew each other, and they decided that a larger-scale IDA project housed at Tulane would provide the opportunity that both were looking for. They worked to develop the IDA project for nearly a year before the AFIA proposal was actually submitted. In short, this project was characterized by a long development period and by close collaboration between its two committed founders.

One noteworthy feature of this IDA project is its decentralized structure. Neither of the founding organizations, Tulane University and Hibernia Bank, had the staff available to conduct recruitment, referral, and case management in-house – nor was there administrative funding to hire additional staff for these activities. Therefore, out of necessity, the project relied heavily on a large number of social service partners for these services.

In order to enlist other organizations to participate, the two principals spent much time and effort personally calling on local banks and social service agencies to join the IDA effort. They hosted "training days" for potential social service partners, financial partners, and funders. The purpose was to educate them about the potential of IDAs for their constituencies and also to enlist them to participate as funders and referral sources. These sessions proved to be effective in bringing a large number of organizations to the table. The AFIA proposal lists upwards of 30 partner

> ***Tips for Practitioners: Training Days for Potential Partners***
>
> **Early in the project, the two founders conducted "training days" for potential partner organizations. The purpose of these informational sessions was to educate organizations about the potential of IDAs for their constituencies and also to enlist them to participate as funders and referral sources. These sessions brought a lot of organizations to the table and were one reason that this project has not had a problem with participant recruitment.**

33 Among the lessons learned were the importance of requiring dual signatures to prevent unauthorized withdrawals and of targeting a population that was not too poor. The earlier project targeted households making about 30 to 40 percent of area median income. These households proved to have credit problems too severe, and income too low, to permit regular savings and make homeownership a realistic possibility. The two households remaining in this program were grandfathered into the FHLB-Dallas sponsored IDA project in 2000.

organizations that were to take the lead responsibility for recruitment, referral, and case management. This group is called the IDA Collaborative. Two other banks joined as account-holding financial partners: United Bank and Trust (which joined in the project development stage), and Whitney Bank (which joined one year after grant award). They joined for much the same reason as Hibernia Bank: IDAs made good business sense and were good for the community; additionally, they also knew and trusted the project's principals. The IDA project received FHLB funding in January 2000 and AFIA funding in October 2000.

The collaborative nature of the relationship between the grantee and the financial partners that characterized the development phase continues to this day. In fact, every principal respondent considered the collaborative nature of the relationship as one of the project's major strengths.

5.2 Project Administration

Organizational Partnerships and Roles

The grantee is Tulane University's National Center for the Urban Community (NCUC). Formed in 1998 by Tulane and Xavier Universities, NCUC is the project manager and fiduciary. Its major activities are in the areas of education, employment and economic development, health, housing, and race and culture. The NCUC serves as a direct service provider in some respects (for example, in providing training) and as a community facilitator and program coordinator in other respects. For the Housing Authority of New Orleans, NCUC operates self-sufficiency programs for 27,000 residents of public housing. It also administers a welfare-to-work demonstration program for the City of New Orleans. With respect to the IDA project, Tulane University's role consists of grant management, account set-up, account monitoring, and the provision of guidance and oversight to project operations. As described in the section on case management, Tulane has also by default ended up providing case management to a large share of participants because many of its original partners have failed to do so.

Three banks are involved in the project: Hibernia Bank, Whitney Bank, and United Bank and Trust. The banks played an important role since the beginning and continue to do so. In fact, Hibernia Bank essentially "co-founded" the project with Tulane University. The banks continue to dedicate significant amounts of staff time on a regular basis to the leadership and oversight of the IDA project. Hibernia Bank is a prominent regional bank and holds approximately 68 percent of the IDA accounts (across the two projects). Whitney Bank holds 18 percent of IDA accounts. United Bank and Trust, in contrast to the other two, is a smaller minority-owned bank that works primarily with the low-income population. It prides itself on its personalized service and routinely provides "case management" to all its clients. It holds 14 percent of IDA accounts.

Although competition does exist among the banks, relationships among them are collaborative, thanks to the longstanding personal relationships among the principals and the conviction that there is enough business to go around for everyone.

The banks were attracted to the IDA project for a number of reasons. Obtaining Community Reinvestment Act credit was certainly a consideration, but also important was obtaining access to a pool of potential mortgage customers – all the more so because banks view mortgage loans as a "gateway" product that often leads to further business with that bank. For example, one bank respondent cited a study that showed that a mortgage customer also uses an average of *five* other bank services. One bank remarked that an additional attraction of IDA participation was that, because the IDA project provides access a *pre-screened* pool of potential mortgage applicants, it represents a more efficient way to reach creditworthy members of the low-income population than through mass outreach. Another bank noted that participation in the IDA project helped it satisfy FDIC regulators, who tend to more closely scrutinize banks that focus on low-income minority populations.

The interviewed representatives at all three banks also emphasized the benefits of IDAs to the local business community, as well as the immediate benefits to participants and banks. Insofar as homeownership generates positive multiplier effects in the local economy – greater spending on homes, for example – it helps create a healthier local business community, which in turn helps local banks. Thus, IDAs were seen as a "win/win" proposition for everyone involved – for participants, businesses, communities, and the banks themselves. The banks are active in recruitment, account monitoring, and the provision of policy guidance to the project through the IDA Collaborative. The Collaborative's Advisory Board (described in more detail later), composed of Tulane project staff and the three bank representatives, makes the policy and procedural decisions.

Tips for Practitioners: An Engaged Advisory Board

The Advisory Board is composed of the three banks and the grantee's key project staff. At lengthy meetings (2-4 hours) twice monthly, the Advisory Board reviews project developments, discusses emerging issues, and sets new policies and procedures. Although time-consuming, these meetings are a valuable forum for airing (and resolving) differences, and for brainstorming about difficult issues. They result in "everyone being on the same page" and help maintain a collaborative relationship between the banks and the grantee. What makes it work is that all parties feel they are getting something valuable out of their commitment.

There are two core social service partners: Consumer Credit Counseling Services (CCCS) and Neighborhood Housing Services (NHS). These two developed and deliver financial literacy training under contract to the IDA project. Unlike other partners, they actually receive funding for their services. However, they also provide other services that are not reimbursed, such as referrals, credit counseling, case management, and asset-specific training. A loose network of other social service organizations also provides referrals to the project and, less frequently, provides IDA case management for their clients. Non-federal funding sources include Booth Bricker Fund, Hibernia Bank, United Bank and Trust, and two corporations. These organizations have provided funding for the IDA match, rather than for administration.

Differences in organizational philosophies have played a role in the evolution of this project. The most notable differences are those between the "social service" philosophy of the grantee and that of the financial partners. For the most part, however, the partners have succeeded in finding common ground on issues affecting the IDA project. All the parties noted the importance of educating each other on the other's perspective. They all recognized that IDA projects cannot succeed unless each side obtains something in its interest. Important in this regard are cordial personal relationships among the principals, and a common "big-picture" vision of IDAs' potential not only to transform individuals' lives but also to benefit the larger business and social communities.

An illustrative example of how differences in perspective have played out is the question of the banks' "right of first review" of mortgage applications. This was among the most difficult issues faced by the project. Originally the IDA procedures were silent on the question of where participants could obtain their mortgages. However, the two larger banks in particular were concerned about investing resources (maintaining and monitoring accounts as well as participating in the time-consuming meetings) in the IDA project without obtaining the "payback" of the mortgage application. Interestingly, this issue was of less concern to the smallest bank. In its experience the high level of personalized customer service it provides engenders great customer loyalty.[34] Tulane, for its part, felt strongly that IDA participants should have the right to comparison shop for the best mortgage deal – and indeed, that this was an important part of the learning process.

> ***Tips for Practitioners: The Right of First Mortgage Review***
>
> **The banks' "right of first review" allows partner banks an edge in competing for the loan business of IDA participants, while still allowing participants consumer choice in shopping for a mortgage. The bank that maintains the IDA account is the first to review the mortgage application and offer a mortgage deal. If the participant finds a better deal elsewhere, the bank has the right to try to better it.**

Ultimately the negotiated compromise was that the bank that holds the IDA account has the "right of first review." That bank is thus the first to review the mortgage application and offer a mortgage deal. If the IDA participant finds a better package elsewhere, the bank has the right to try to match it. The participant is not obliged to obtain a mortgage through the "home" bank, but the expectation is that he or she will. This change to the participant agreement was made mid-course in the project, but appears to be working to everyone's satisfaction.

Staffing

The staff members associated with the IDA project and their responsibilities are as follows.

At Tulane, there are three full-time and one part-time staff members: an IDA project director, a project coordinator, an IDA VISTA volunteer, and a part-time student-worker case manager. These staff members work on the FHLB IDA project as well as the AFIA project. (That is, their time is not dedicated entirely to the AFI project. In all, they attend to over 200 IDA participants.) The project director co-founded the project and oversees all aspects of the project. The project coordinator is responsible for reviewing applications, setting up IDA accounts, account monitoring, and substantial amounts of case management in cases where participants lack a social service agency "home" that provides it. The IDA VISTA volunteer performs case management and follow-up, does file research, helps with the newsletter, and conducts presentations about the project. The student worker primarily helps with case management. The NCUC Deputy Director is not formally part of the IDA project

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[34] The significance of this issue for the banks is underscored by the fact that at the time of our site visit, the share of IDA mortgages underwritten by each bank was not proportionate to the share of IDA accounts each one held. Hibernia Bank held 68 percent of the IDA accounts but had underwritten only 28 percent of the mortgages so far. Whitney Bank held 18 percent of the accounts and had underwritten 34 percent of the mortgages, and United Bank and Trust held 14 percent of accounts and had underwritten 38 percent of mortgages.

staff, but she does confer with other NCUC programs, helps develop resources and partnerships, and advises the project staff on compliance.

Each of the three banks allocates a key staff member (part-time) to the IDA project. All the banks are active in providing referrals, monitoring accounts, and working with Tulane to oversee the project and provide guidance as it develops. By all accounts the financial partners have provided substantial amounts of staff time and effort to the IDA project. Even now that the project appears to have attained "steady state," the level of effort for the bank representatives associated with the IDA project ranges from one day a week to one day per month.

Financial literacy training, as noted previously, is provided by two organizations under contract to the project.

An important feature of this project is the IDA Collaborative Advisory Board, composed of bank representatives and Tulane project staff. At lengthy meetings (2-4 hours) twice monthly, the Advisory Board reviews project developments, discusses emerging issues, and sets new policies and procedures. Although time-consuming, these meetings result in "everyone being on the same page" about key IDA developments and in everyone having a voice in shaping its direction. At the time of our site visit, the Advisory Board had just conducted a well-received strategic planning session. It was also beginning to systematically review and formalize some IDA policies. Among the issues under discussion, but not yet resolved, were how to handle low-activity accounts,[35] whether to institute a probationary period of IDA enrollment, and whether to offer some form of post-purchase support.[36]

IDA administrative procedures are described briefly below. As we have noted, referrals may come from a number of sources – the banks, social service agencies, or self-referrals (that is, individuals "referring themselves," as a result of word of mouth). However, it bears mentioning that two of the most active referral sources are, perhaps not coincidentally, the two organizations that receive funding from the project: CCCS and NHS (clearly, a strong incentive for referrals is created by the fact that they are reimbursed for financial literacy training on a per-participant basis). It is the referring agency that typically helps the participant complete the IDA application. Applications are reviewed, and IDA accounts are set up centrally by the Tulane project coordinator. Both the Tulane project coordinator and the bank holding the account monitor the account balance and activity. Banks typically refer clients that require follow-up, and this is implemented by the Tulane project coordinator.

Respondents note that the project has benefited from internal subsidies from Tulane University, most notably in the area of accounting and fiduciary support. NCUC administers approximately $9 million in programming, not including the university's direct funding of projects. The university's organizational capacity in cost accounting, grant accounting, audit and other financial services was cited as a significant benefit of Tulane's participation.

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[35] There were an estimated 50 low-activity accounts among the 200+ accounts funded by AFIA and FHLB-Dallas.

[36] One suggestion was to create an escrow account with any funds not needed for home purchase, to be used for home maintenance.

In other respects, the project demonstrates some of the implications of low levels of administrative support from AFIA and other funding sources. Respondents noted that the project would have greatly benefited from resources to permit centralizing case management and dedicating a staff person to financial reporting to improve the flow of information between project entities. Low levels of administrative funding support were characterized as a "structural fault" that compromises program quality.

5.3 Participant Recruitment and Screening

The original target population for this project was public housing residents and others earning less than 80 percent of the area median income or are eligible for the Earned Income Tax Credit. Preference would be given to TANF and welfare-to-work participants and those making less than 60 percent of area median income.[37] In fact, word of mouth has been so powerful that the grantee estimates only about 25 percent of participants are public housing residents; the rest are drawn from the general low-income population who meet AFIA eligibility guidelines.

Recruitment has not been a problem for this project. The AFIA project quickly filled its available accounts, although recruitment continued for the FHLB project. In April 2002, outreach was suspended. At the time of our site visit in May 2002, there was a waiting list of approximately 100 people.

That recruitment was a non-issue appears to stem from several factors. First, the project principals invested substantial effort in the development and startup phases of the project to enlist social service agencies into the project. The project was also helped by mention in local talk shows and newspapers. Staff members were pleasantly surprised by the resulting number of referrals. Tulane attributes this to the fact that the project's founders chose the "right" social service providers to work through. The second factor is the powerful effect of word of mouth after the first few success stories. Helping in this regard is a newsletter, produced irregularly, that publicizes individual success stories.

With respect to participant screening, some degree of informal selection appears to occur in this project. Some referring agencies, such as CCCS, work extensively with interested individuals to get them "IDA-ready" before submitting their application. Others may not. The fact that CCCS and NHS are reimbursed by the project for the number of participants who attend their IDA financial literacy class certainly creates an incentive to minimize dropout from the project by referring people who are most likely to actually enroll. In some cases this may occur by selecting the most IDA-ready. In other cases, it may occur by the agencies working with clients to get them IDA-ready.

Among the questions under consideration at the time of our site visit was whether to be more selective. Initially the IDA project was open to anyone who met the eligibility guidelines. But some project principals, particularly the banks, favor a more restrictive approach. The existence of a waiting list creates pressure to free up accounts to those who are most committed.

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[37] At the time the proposal was written, this was estimated to consist of approximately 68,000 very low-income families and 17,000 individuals receiving food stamps.

Another idea being considered is a probationary period as a way of identifying those who are truly motivated. Consistent with experience elsewhere, this project is finding that motivation is perhaps the most important factor in IDA success. Respondents note that it is difficult, and perhaps unfair, to *pre-screen* for motivation, but after about six months it is clear who is truly committed to the project. Thus, the IDA Collaborative Advisory Board is considering whether to adopt a three- to six-month probationary period. In this period individuals would be required to demonstrate their commitment to the project (e.g. by making some savings and attending financial classes, and working on credit repair). The banks tend to favor this approach. Some Tulane principals oppose it because they feel that everyone should be given a chance, and that a better approach is to help the person overcome obstacles – after all, there are five years to repair credit, they note – rather than to start over with someone new. The IDA Collaborative was also beginning to consider the question of how to deal with low-activity accounts. The project has not been strict about this, but was feeling the pressure to free up accounts, given the waiting list.

5.4 Financial Education and Training

Twelve hours of financial education is required. The "Financial Fitness" course was developed specifically for the IDA project. It was developed and is delivered by two organizations: Consumer Credit Counseling Services and Neighborhood Housing Services.

These organizations were selected through an RFP process because the IDA Collaborative Advisory Board realized it lacked the staff to develop or deliver the curriculum in-house. The Advisory Board issued an RFP that outlined general curriculum content and deliverables. Because CCCS and NHS were felt to have equally strong proposals, they were both selected from the approximately half a dozen proposals received. Fortunately, these two organizations had a good working relationship and collaborated in developing the curriculum and coordinating the schedule for delivery. This procurement for development and delivery of the financial literacy curriculum is funded from the 5.5 percent of the AFIA grant that must be expended on the provision of financial literacy. NCUC negotiated a compensation rate of $100 per family for the 12-hour course.[38]

Participants may choose which provider's classes to attend. The two organizations deliberately offer classes on complementary schedules; CCCS offers two six-hour Saturday classes while NHS offers four three-hour classes on successive Tuesday evenings. Classes are offered on a set cycle.

The "Financial Fitness" curriculum covers the following topics: setting financial goals, net

> ***Tips for Practitioners: Outsourcing Financial Literacy Training***
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> **The project avoided the difficulty of developing and delivering a financial literacy curriculum in-house by contracting with external providers. A Request for Proposals specified the desired curriculum content. Two contractors were selected to develop and deliver the financial literacy course. They are paid on a per-participant basis, using AFI funds that are required to be spent on financial literacy.**

38 Typically only one individual per family attends the course, but the providers agreed to allow other family members to attend free of charge.

worth, developing a financial plan (e.g. budgeting and tracking expenses), making wise financial decisions, an overview of financial services, identifying and managing risk, credit (e.g. credit pitfalls, working with creditors, debt collection rights), overview of taxes, overview of investing, and legal matters (e.g. disposal of assets and wills and succession).

Although the curriculum is the same, there are some differences in the way it is delivered. For example, CCCS' classes are for IDA participants only. The organization feels that the classes may too basic for its other clients, and that the unique nature of IDA programs makes peer support an important elements of the class dynamic. NHS classes are available to all NHS program participants. Typical class size is about 15 at CCCS and 20-25 at NHS. CCCS notes that its classes are taken anytime during the period of IDA participation, but participants are encouraged to take them upon reaching the $600-$700 mark of their $1,000 savings goal. NHS encourages participants to take them at the beginning of their participation. Perhaps because the project's reimbursement structure to the two contractors creates an incentive to minimize dropout, both CCCS and NHS report very little attrition.

With respect to asset-specific training, participants can select homeownership training from providers that are locally accredited, usually with the guidance from Tulane's project coordinator.[39] As noted earlier, homeownership is by far the most popular savings goal. Principals estimate that more than 95 percent of IDA participants are saving for homeownership. Indeed, the match rate (4:1) is much more favorable than for the other uses. But in addition, respondents noted that the relative abundance of homeownership programs and financial incentives in New Orleans makes it an attractive option.

Fortunately the two "core" financial education providers, CCCS and NHS, also offer well-received homeownership classes. However, the IDA Collaborative Advisory Board is concerned that some other local providers fail to prepare participants adequately. One issue that it was considering at the time of our site visit was whether to institute some sort of local certification for homeownership training providers –a potentially controversial move in the local housing community.

Asset-specific training for entrepreneurship and education was less clearly defined because so few participants are interested in these uses compared to homeownership. At the time of our site visit, the project had had only one "education and training" graduate and no "entrepreneurship" graduates. In principle, two partner organizations provide asset-specific training for entrepreneurship: Eagle's Nest (part of a citywide faith-based initiative) and the Small Business Development Center. At the time of our site visit, about three individuals had taken such training. Training for those with educational savings goals consists of an interview with a career development counselor at the target school or with the IDA project coordinator, who has personal experience in this field.

[39] The training selected must be recognized by local financial institutions that handle federal HOME funds so that participants can be eligible for those funds as part of their mortgage packages.

5.5 Case Management and Support Services

Case management is one of the most significant challenges of this project. In designing the project, its founders considered various ways of configuring the case management component. Providing case management in-house, at Tulane, or at one of the banks was impossible because they each lacked the capacity, and there was no administrative funding to support hiring case managers. At one point the team considered assigning responsibility for case management to existing NCUC self-sufficiency caseworkers (similar to the arrangement at the Pittsburgh YWCA), but this option was rejected because of concerns that existing staff capacity was insufficient to support the additional responsibility. The team also briefly used university undergraduate service learning students for case management, but concluded that high student turnover would be detrimental to clients. Thus, largely for lack of other options, they chose to depend heavily on a large number of social service partners to provide case management to the clients that they referred to the project.

There is general consensus that relying on social service partners has not worked well. For most organizations (with the exception of CCCS and NHS, which are paid as financial education providers), case management proved to be essentially an unfunded mandate they could not sustain. Additionally, many social service agencies, even if their "hearts were in the right place," turned out to lack the expertise for IDA-related case management. A bank respondent noted that providing *financial* case management is fundamentally different from other types of case management; "just because they're good at substance abuse [case management] doesn't mean they know what it takes to make someone mortgage-ready."

As a result, case management is a patchwork arrangement, with the bulk of it falling, *de facto*, to the IDA project coordinator. Sometimes it is provided by social service agencies as originally intended, or by CCCS or NHS for participants who are their clients. The smallest bank, United Bank and Trust, provides unusually personalized service to all its clients because that is its customer service style. But much of the case management burden comes about because there have been unexpectedly many self-referred cases that came to the project from positive word of mouth, which have no social service agency "home." Tulane's project coordinator finds that her involvement is particularly intense at the end of IDA participation as participants prepare mortgage applications. Some have argued that assisting with mortgage applications is a role that the *banks* should assume.

Tulane's project coordinator is by all accounts overburdened. This makes it difficult to attend to other administrative details such as the flow of information between organizations. An IDA project newsletter that is well regarded for its effectiveness in "spreading the news" about success stories can be issued only irregularly. There may be a less tangible effect as well in terms of participants' progress. By many accounts, the one-on-one support that case management provides is crucial for marginal cases.

Virtually all principals emphasized the need for sufficient administrative funding to permit adequate case management. They felt that *centralized* IDA case management would be best: better to fund one IDA case manager at Tulane rather than to expect dozens of social service agencies to each somehow dedicate resources for an IDA case manager. Respondents also identified a need for greater clarity about all aspects of case management: what it actually means (an occasional phone call, versus more intensive "hand-holding") as well as who is responsible for it. In a decentralized arrangement, the absence of clearly defined expectations means that case management either occurs inconsistently or falls through the cracks entirely.

The principal component of financial case management is the credit counseling. This consists of at least an initial assessment session conducted *before* the IDA application is submitted. The credit report and financial situation (spending patterns and income) are reviewed, and an action plan is developed. CCCS and NHS work according to a common protocol but the action plan can be developed at another social service agency if a participant's "home" is there. By default, credit counseling has become part of the case management process, which is acknowledged to be one of the weaker elements of the project because of its decentralized nature.

At CCCS, the initial session is typically all the credit counseling that is provided, although more sessions can be provided if needed. At NHS, credit counseling occurs in tandem with the classes. At the time of our site visit, there was some concern at the IDA Collaborative that the credit repair should receive more attention and be better calibrated to participants' savings progress.

5.6 Future Plans

At the time of our site visit, NCUC was developing a proposal for state funding to establish a statewide IDA network, with NCUC as the central coordinator. There are about half a dozen other IDA programs in Louisiana and many small, low-capacity agencies throughout the state. NCUC is positioning itself as a program facilitator and capacity-builder (rather than a direct service provider, although it recognizes that it may have to provide some case management in some cases). It hopes to help develop a statewide "IDA infrastructure" in this way. Among the features of the proposed plan is electronic online enrollment.

5.7 Lessons Learned

The Tulane project contains a number useful lessons learned that would be applicable to other IDA projects. Among the features most significant for other projects are the following, all of them inter-related:

- ***Collaborative relationship between key partners.*** Many of the strengths of this project lie in the collaborative relationship between the grantee and the financial partners. In fact, when asked to name the strengths of the project, all respondents emphasized its collaborative nature. A contributing factor is the fact that the individuals involved all knew and trusted each other from before the IDA project.
- ***Successful bridging of differing organizational philosophies.*** The grantee and its partner banks, although coming from different perspectives, have a common vision of IDAs. This has helped them find common ground on most IDA-related issues, even potentially divisive ones such as the right of first review of mortgage applications. Even where they differ, there is a mutual respect for the validity of the other's perspective, and

a willingness to *act* on the recognition that each side must obtain something valuable for the partnership to continue.

- ***Significant time and effort invested in project development and maintenance***. This project was a year in the planning. The principals also invested significant amounts of time in lining up partners (for example, the “training days”). Although some of these partners did not turn out to be as involved in case management as originally intended, recruitment still benefited from the exposure that the project obtained early on. Even after the development phase was over, project principals continue to invest time in serving on the Advisory Board.

Among the most important lessons noted by the project principals themselves are:

- ***Organizations interested in starting IDA projects should be required to attend Corporation for Enterprise Development (CFED) training in advance of launching it.*** Federal support for this type of technical assistance could be very useful to help projects avoid common mistakes.
- ***Case management should be centralized and defined clearly.*** As discussed previously, case management may not be attended to, if it turns out to be an unfunded mandate for the organizations charged with performing it. It is essential to clarify in advance of the project the expectations about what case management entails and who is to provide it.
- ***One should not assume that social service agencies have the expertise to provide financial case management.*** Credit counseling and credit repair requires technical expertise that lies outside the purview of many social service agencies.
- ***One should not rely on potential partners' “self-certification.”*** Examine prospective partnering organizations closely, as not all of them may have the capacity to fulfill their proposed role. Despite initial enthusiasm that organizations may express for the project, their successful performance is less likely for tasks that represent unfunded mandates.
- ***Adequate administrative funding is crucial for program quality.*** The inability to hire staff members to perform certain project functions, such as case management, has led this project to resort to other arrangements that it feels worked less well. It has also led existing staff to become overburdened and the project to become dangerously reliant on the skills of one or two people.

Chapter Six: Sonoma County People for Economic Opportunity

This chapter describes the AFIA project administered by Sonoma County People for Economic Opportunity (SCPEO), located in Santa Rosa, California. SCPEO, established in 1967, "partners with low-income families and individuals to help them achieve economic and social stability, to build community, and to advocate for social and economic justice" in Sonoma County.[40] The County has a large Hispanic population as well as a number of other immigrant groups. The county's total population is 458,614.[41] Seventy-five percent of county residents are White non-Hispanic, 17 percent are Hispanic, 1 percent are Black, and 7 percent are identified as Other. Sonoma County has a poverty rate of 8.1 percent and a median household owner's value of $273,200. About 15 percent of persons aged 25 or more did not graduate from high school.[42]

6.1 Project Design and Background

SCPEO's AFIA project began with a group of community volunteers committed to increasing opportunities for low-income persons in Sonoma County through economic empowerment. They met monthly beginning in 1997 and learned of individual development accounts (IDAs) in 1998. Self-named the North Bay IDA collaborative (NBIC), it identified SCPEO as a partner to help implement its newly discovered IDA concept in Santa Rosa. SCPEO operates a variety of other programs in health care, housing education, and children and youth services. Given SCPEO's strong presence in the community, NBIC felt that SCPEO should operate the IDA project. The NBIC continues to function as an advisory group and helps to inform SCPEO's approach to operating the IDA project. The NBIC also has helped to identify nonfederal funds for the AFIA project.

SCPEO wrote the AFIA grant application and was awarded a FY 2000 grant of $50,000 that funds 20 accounts. SCPEO also received a supplemental FY 2001 AFIA grant of $50,000. Further, it operates the Federal Home Loan Bank Individual Development and Empowerment Account (FHLB IDEA) program. In both 2000 and 2001, SCPEO received $100,000 (for a total of $200,000) from the FHLB IDEA program that can fund up to 20 accounts. The FHLB grant offers a 3:1 match up to $10,000 to provide down payment assistance for first-time homebuyers. SCPEO thus has the ability to fund a total of 60 accounts, 40 through the AFIA grant and 20 through the FHLB grant. At the time of our visit, 10 AFIA accounts and 10 FHLB accounts were opened.

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40 SCPEO website. http://www.scpeo.org

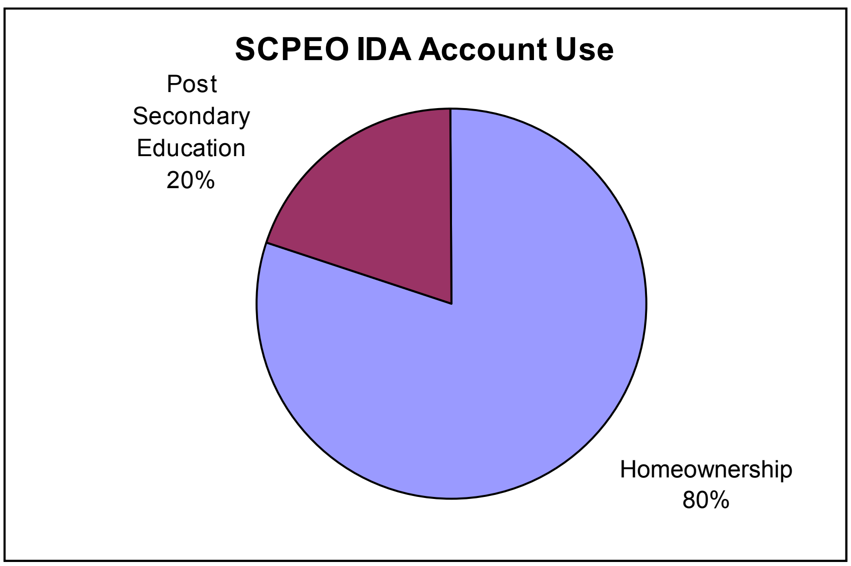
41 United States Census Bureau, 2000 Redistricting Data (Public Law 94-171) Summary File, 2001.

42 United States Census Bureau, 2000 Redistricting Data (Public Law 94-171) Summary File, 2001.

The key features of the AFIA IDA project are as follows:

- The project offers a match rate of 4:1 for homeownership and 2:1 for education.
- Participants can save up to $1,000 for housing and $2,000 for education, thus, allowing a match (federal plus nonfederal) of up to $4,000 for homeownership and $4,000 for education.
- Those who opt for homeownership as an asset goal have up to two years to reach their goal, and participants who opt for education as an asset goal are allowed up to three years.
- Beyond the AFIA guidelines, SCPEO requires that participants reside in Sonoma County, save a minimum of $25 per month, and participate in peer support network groups.

As of May 2002, 80 percent of the opened AFIA accounts were for homeownership, and 20 percent were for education.



6.2 Project Administration

Organizational Partners and Their Roles

SCPEO's project identified two key partners for the AFIA project at the time of its application: Exchange Bank and Burbank Housing.

Exchange Bank (EB) is an independent community bank that has offices throughout Sonoma County including SCPEO's immediate service area. EB served as a partner since the project's inception by donating staff time. EB and SCPEO had collaborated in the past and planned to build on this relationship for the AFIA project. During the two-year planning process, a staff person at EB became interested in the project, obtained the buy-in of senior bank administrators, and ultimately arranged for EB to become the financial partner to SCPEO's project. This staff member has since left the bank, and as a result the partnership was affected. EB representatives initially attended the NBIC meetings regularly, and the bank contemplated becoming involved in the financial education component. Today EB serves only as the repository for SCPEO's 10 AFIA accounts.

EB stated that it was committed to the project and benefits from participation by receiving Community Reinvestment Act (CRA) credit. Initially, EB experienced minor challenges with the administrative planning required – i.e. issuing statements to both the accountholders and to SCPEO, and requiring two signatures for the release of funds. Further, EB felt that the two-year planning process resulted in less than what it had hoped for, with the opening of "just 10 accounts." As to its continued involvement in the project, EB stated that it was never asked to provide financial literacy training, but would be open to the idea. Furthermore, during our visit EB offered to have a representative sit on the NBIC board.

SCPEO's IDA project staff acknowledged that they were pleased with the fact that EB has a branch in SCPEO's service area (across the street from SCPEO's offices). SCPEO staff are frustrated, however, as they feel that EB does not make sufficient efforts to accommodate the large Hispanic service population. SCPEO's project staff further stated that EB does not have anyone on staff in the local branch that speaks Spanish.

The second key partner, Burbank Housing, is a local non-profit organization that has developed affordable housing since 1985. SCPEO partnered with Burbank's self-help or "sweat equity" program to enroll AFIA participants who have a goal of homeownership.[43] Burbank's sweat equity housing program is a key component of the success of SCPEO's initial account-holders. AFIA participants have not missed a payment, and they are constructing their own homes and those of their neighbors (other sweat equity housing program participants, although not necessarily AFIA participants). See the photographs in Appendix A for views of some of the AFIA participants' homes that are under construction.

Burbank's sweat equity program requires that individuals work a minimum of 30 hours per week on home-building to reduce the amount of cash needed for a down payment during the construction period, which is typically 12 to 15 months. Burbank then assembles a financing package (see sample sweat equity transaction) that often includes additional state and local subsidy funds to make the housing affordable for this income bracket.[44]

Sample "Sweat Equity" Transaction

Purchase Price:	**$240,000**
Buyer's annual income:	**$33,108**
IDA Project:	**$5,000**
Sweat Equity:	**$25,000**
CHFA Loan:	**$118,615**
CalHome Loan:	**$20,000**
Santa Rosa Redevelopment Agency:	**$71,385**
Total:	**$240,000**
Monthly Housing Costs (PITI):	**$896**
Housing Cost Ratio:	**32%**

(annual housing cost/annual household income)

43 The relationship between Burbank and SCPEO preceded the AFIA project. SCPEO partnered with Burbank Housing in 1995 on a program that employs youth in the construction and housing development field in Sonoma County.

44 The median household owner's value for Santa Rosa was $245,000 as reported in the 2000 Census.

Burbank's financing package includes two soft second mortgages that are forgiven over 10 years. The monthly mortgage payment of $896 is applied to the first mortgage only.

SCPEO's IDA program originally did not seek out partners for microenterprise, as it did not include microenterprise as an allowable asset goal for its first AFIA grant. It feared that the typical rate of success for new businesses made this activity too risky for project participants. The staff cited that 3 of 4 new businesses fail, and SCPEO did not want to set its participants up for failure. However, when SCPEO encountered difficulties recruiting participants to save for education, it changed the approach and now allows microenterprise as an allowable asset goal.[45] It is in the process of developing a partnership with Goodwill Industries, an organization focused on microenterprise development and training. SCPEO collaborated with Goodwill Industries to provide microenterprise training in 1996. It reconnected with Goodwill Industries for the AFIA project to serve accountholders who plan to start or expand their small businesses. Discussions on developing this partnership were just beginning at the time of our visit. Further, SCPEO is exploring a partnership with a local program that is connecting new farmers with senior farmers who have put land into an agricultural land trust.[46]

One IDA participant commented:

> ***"This whole process with SCPEO and Burbank has been a miracle…in reference to the IDA program, it really helped me to develop a savings behavior…the financial classes taught me a lot and helped me to find that extra $25 that I didn't think I had. The staff there is very supportive. Without the match, I wouldn't have had all the money for this house…I am very grateful."***

Staffing

SCPEO has a total staff of 200. An Executive Director supervises the Director of Programs, who oversees the management of SCPEO's programs. In January 2001, SCPEO hired a part-time IDA Project Manager to administer the AFIA and FHLB projects. The IDA Project Manager works 35 hours per week and conducts the financial literacy training and develops and maintains relationships with partners for both IDA projects. The Project Manager receives support from the NBIC advisory board that meets monthly. The NBIC assists with fundraising, helps identify and develop partnerships, and helps direct the Project Manager's activities regarding overall project operations. Collectively, the NBIC offers 6-10 hours of support per month. Additionally, technical support from

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[45] SCPEO experienced difficulty in recruiting participants to save for education as a result of another program, the Santa Rosa Junior College Scholarship Fund, that is administered through Exchange Bank. The program provides need-based scholarships to attend the Junior College. The need for funds for education through the IDA project was thus not as great as SCPEO originally anticipated.

[46] Due to the tight housing market in Sonoma County, developers sometimes look to farmers to purchase their land for development. However, the County aims to preserve this land and provides incentives to farmers. For example, the County levies a tax dedicated to the preservation of farmland. Further, the County also has a program that gives farmers a small lot of land to promote agribusiness. SCPEO plans to partner with this program for its IDA accounts.

SCPEO's staff on other programs is also available, as needed, although such staff have no formal responsibilities for the AFIA project.

Although the IDA Project Manager works part-time, the demands of running the project often require more than 32 hours per week. The most time-consuming responsibilities of the AFIA project are developing and delivering the financial education course and raising the match funds. The NBIC has suggested that the Project Manager identify an individual to conduct the financial literacy training to free up time to focus on fundraising for the AFIA project. At the time of our visit, SCPEO was still working to secure nonfederal match funds for its supplemental AFIA grant.

Fortunately, the AFIA and FHLB projects have some overlapping features – most notably the financial literacy component – that facilitate project administration. However, SCPEO staff view the need to raise match funds as a drawback of the AFIA project. (The FHLB program requires no match.) Further, SCPEO was disappointed that the match funds were required to be cash contributions as opposed to in-kind support. The staff felt that such a requirement undervalues the contributions of volunteer efforts such as those put forth by the NBIC.

6.3 Participant Recruitment and Screening

Different recruitment procedures are used for each of the asset goals. For education and homeownership goals, the key features of recruitment are:

- SCPEO works with Burbank Housing to identify participants for SCPEO's AFIA accounts. Burbank does outreach for its sweat equity program when developments become available and maintains a database of inquiries and responses made to the sweat equity program. [47]
- SCPEO's outreach for education includes sending flyers to all education, non-profit, and government groups in the community and at Santa Rosa Junior College.

Given Burbank's existing outreach efforts, the AFIA project did not present Burbank with additional responsibility that is significantly above and beyond Burbank's normal outreach efforts.[48] Burbank identifies candidates and refers them to SCPEO's AFIA project, which then verifies whether or not the Burbank referrals meet the AFIA eligibility criteria.[49] To date, all of SCPEO's AFIA accountholders enrolled in the sweat equity program are referrals from Burbank Housing. Burbank was pleased that the AFIA project enabled Burbank to enroll more participants in its sweat equity program. Finally, in regards to recruitment for microenterprise, SCPEO plans to use its existing

[47] Burbank's screening process involves a credit and income check and in many cases pre-qualification for a mortgage.

[48] Burbank's recruitment efforts include advertising in the local paper, posting flyers, holding mass meetings, and mailings to individuals in its database.

[49] Burbank originally referred ten individuals to the AFIA project to participate in Burbank's sweat equity program. However, two were dropped from the project, one exceeded the AFIA asset threshold of $10,000, and the other did not have enough income to satisfy the mortgage lender.

relationship with Goodwill Industries, a local non-profit organization that provides training and development services for small businesses.

SCPEO staff expressed concern about the AFIA income guideline. Given the cost of housing in Sonoma County, the staff felt that the homeownership assistance offered through the AFIA project is typically insufficient for a down payment, without the financial package assembled by Burbank Housing (which includes the state and local mortgage subsidies noted above). The staff commented that basing the income guideline on 80 percent of area median income ($50,720 annually in 2002 for a family of four) as opposed to 200 percent of the federal poverty level ($36,200 for 2002) might be a more appropriate minimum income limit for the project.

> ***Tips for Practitioners***
>
> **Recruitment can be made easier if an existing pool of qualified individuals can be identified and partnered with. SCPEO's partnership with Burbank enables it to focus more on developing other components of its IDA program rather than maintaining a focus on recruiting and screening individuals, which can often be a time consuming endeavor.**

SCPEO places high value on disciplined savings behavior and does not have any accounts that it deems to be "low-activity." [50] SCPEO attributes class attendance and personal counseling to this success. Other factors that may contribute to this disciplined savings behavior are that some of the accountholders use direct deposit and all face a relatively short timeframe to reach the goal of homeownership. Eighty percent of the AFIA accountholders have an asset goal to purchase a home and are enrolled in Burbank's sweat equity program. Typically, Burbank's construction period is 12 to 15 months. The remaining 20 percent are saving for education and are allowed up to 24 months to reach their goal. SCPEO allows more savings time for education given the nature of this asset. Most degree programs are more than one year. Given SCPEO's limited administrative capacity, it will be important to operate the IDA projects in phases as each project (AFIA and FHLB) expands with the award of additional grants.

6.4 Financial Education and Training

AFIA accountholders are required to attend 15 hours of financial literacy training and 4 to 6 hours of asset-specific training. Occasionally, SCPEO invites guest speakers from partnering organizations to discuss a specific topic – i.e. credit counseling or qualifying for a mortgage. Most of the sessions are videotaped and allow participants who missed a class the opportunity to review the concepts taught. Participants indicated that they are quite pleased with the financial literacy course and will carry the lessons learned beyond the AFIA project.

The staff at SCPEO stated that developing the financial literacy piece was the most challenging and time consuming component of operating the AFIA project. The NBIC advisory board agrees that teaching the financial literacy component is time consuming and believes that trained individuals should conduct it. The staff felt like it was operating "in the dark" and struggled to put together a curriculum on a class-by-class basis. It relied on the curriculum of other AFIA projects across the

[50] SCPEO deems an account low-activity if the account has not received a deposit in more than two months.

country to inform its approach. Despite the investment of time, the staff desire to continue teaching at least a portion of the class because they feel that the interaction with participants during the class provides an opportunity to develop relationships and trust with the participants. The staff indicated that many participants were skeptical of the project initially, but after a few weeks of attending the financial literacy courses, they began to trust the AFIA project as legitimate. Staff also indicated that participants benefited from attending the financial literacy courses due to the peer support networks.

In April 2002, SCPEO received financial literacy training materials provided by the Corporation for Enterprise Development (CFED) and now plans to adopt this curriculum. Staff are hopeful that this will reduce the burden of providing the financial literacy component, particularly with such limited staff. SCPEO was disappointed, however, that the training materials are not offered in Spanish, given SCPEO's primary service population. SCPEO is considering translating the materials itself but cited the high cost of translation as potentially prohibitive.

In terms of asset-specific training, SCPEO's partnership with Burbank's sweat equity project provides accountholders with homeownership counseling during the construction process. SCPEO has plans to provide training for microenterprise through its partnership with Goodwill Industries.

6.5 Case Management and Support Services

SCPEO project staff do not believe in providing intensive case management for AFIA participants. The staff stated that there are other programs available to assist participants with "life's issues" and further stated that project staff are not qualified to provide non-financial case management services. Staff did state however, that SCPEO offers *financial* case management in the form of referrals to credit counselors or asset-specific training as needed and requested by accountholders. It also meets with participants one-on-one to review their financial statements and credit reports. SCPEO offers further support in the form of childcare and dinner during the financial literacy courses.

6.6 Future Plans

SCPEO plans to change its financial partner to the National Bank of the Redwoods (NBR). The NBR serves as the financial partner for SCPEO's FHLB program. This bank is also involved in the AFIA project run by the West Company in Ukiah, California and is thus familiar with IDAs. Further, a representative from NBR serves as a guest speaker during some financial education courses.

SCPEO also has plans to scale up its operations using its FY 2001 AFIA and FHLB grants.
It plans to work with the North Bay Housing Coalition, Petaluma Housing and Social Services, the Section 8 Family Self-Sufficiency Program, and FarmLink. SCPEO also plans to continue working with Burbank Housing to enroll AFIA participants and to continue developing its outreach efforts in the area of microenterprise.

6.7 Lessons Learned

The following observations were made regarding the lessons learned so far.

- ***Developing strong partnerships with asset-specific providers and trainers is key to the success of this project.*** A strength of this project is its partnership with Burbank Housing. SCPEO expects that 8 of its existing 10 IDA accountholders will move into their newly constructed homes in the fall of 2002. This partnership is a win-win arrangement and requires minimal additional effort from Burbank Housing to consider the AFIA project when recruiting for its program. SCPEO and Burbank plan to collaborate on another housing development in the fall of 2002 using the AFIA project.
- ***Participants are highly motivated and very likely to succeed if they are able to "see" their asset goal.*** The participants with the goal of homeownership appear to be more motivated than those saving for education. Project staff indicated that those saving for education are still unclear as to what academic degree they will pursue. The project thus allows up to three years of savings for this asset goal. However, those enrolled in the sweat equity program are literally building their asset and will reach their savings goal in one to two years.
- ***An ability to count in-kind donations as program match funds would be beneficial.*** The requirement for a cash match was considered a disincentive to the AFIA project when compared to other grant funds available for IDA projects. The staff and the NBIC indicate that raising match funds uses at least 50 percent of their time. They also believe that, because volunteered staff effort is not recognized by AFIA as a form of nonfederal match, the existing approach undervalues the efforts of the NBIC advisory committee. Staff suggested that in the future SCPEO might give priority to IDA funding sources that do not require a cash match.

Chapter Seven: Williamsburg Enterprise Community Commission

This chapter describes the AFIA project administered by the Williamsburg Enterprise Community Commission (WECC) in Williamsburg County, South Carolina, through an AFIA grant provided to the South Carolina Association of Community Development Corporations (SCACDC) in Charleston.

The WECC's AFIA project operates in Williamsburg County, a large rural region located in central South Carolina. Williamsburg County covers about 900 square miles and has a population of 37,000.[51] Two-thirds of the county's population is African American.[52] The WECC is located in Kingstree, the largest community in Williamsburg County, with a population of about 3,800 people. Kingstree is located about 75 miles from South Carolina's larger population centers of Charleston, Columbia, and Myrtle Beach.

> ***Site Context***
>
> **The WECC IDA program operates in a large rural region of South Carolina with high poverty rates, high unemployment, and low educational rates. Lack of public transportation in the area exacerbates these problems.**

Based on data from the 2000 Census, more than one-third of adults in Williamsburg County do not have a high school diploma, and the county has a high poverty rate (28 percent).[53] The North American Free Trade Agreement (NAFTA) has had a negative impact on the region's employment in the textile and agricultural industries, and there is a lack of employment opportunities in the region.

According to a survey conducted by the WECC, the lack of centralized water and sewer services and the lack of affordable and decent housing create many health and environmental problems. Health care and law enforcement are also reported to be inadequate and often inaccessible. Isolation is a condition for many due to the lack of public transit services. Many households in the area do not have a vehicle or a telephone.

Given the severity of its problems, Williamsburg County was designated a Federal Enterprise Community in 1995 by the Federal Enterprise Community Program. The WECC received a $3 million grant to catalyze community economic development by supporting strategies for achieving social, economic, and physical development.

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[51] U.S. Census Bureau, 2000 Census of Population and Housing, Demographic Profile, 2002.

[52] U.S. Census Bureau, Census 2000 Redistricting Data (Public Law 94-171) Summary File, 2001.

[53] U.S. Census Bureau, 2000 Census of Population and Housing, Demographic Profile, 2002.

7.1 Project Design and Background

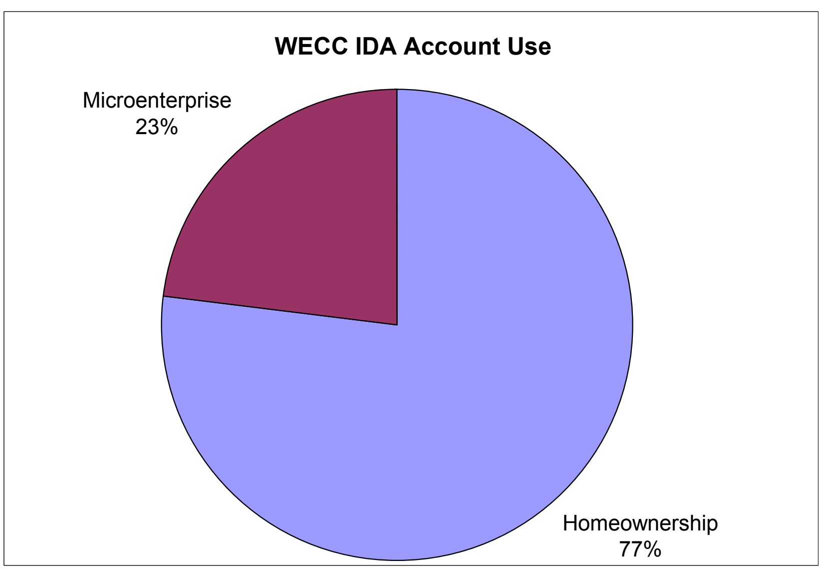
In June 2000 the South Carolina Association for Community Development Corporations (SCACDC) received a $500,000 AFIA grant and $500,000 in matching funds from the South Carolina Department of Social Services (SCDSS) to coordinate a statewide IDA initiative. SCACDC passed the funding to its member organizations, including WECC, to operate local IDA projects. Georgetown Kraft Credit Union (GKCU) is WECC's financial partner.

The statewide IDA initiative is designed to help low-income residents save to acquire a home, start a small business, or further their education. The initial AFIA grant will fund about 225 IDAs in South Carolina. SCACDC has recently received a $400,000 AFIA grant that will fund an additional 300 IDAs.

WECC is one of 15 community development corporations operating a local IDA project using AFIA funds provided through the grant to SCACDC. The $19,500 in AFIA funds provided to WECC funds 13 accounts. The earliest of these AFIA accounts were opened in May 2001.

The other local AFIA projects participating in the statewide initiative are similar in design. Each project consists of at least four partners: SCACDC, SCDSS, the administering agency, and their financial partner. The key features of the local IDA projects are:

- The total match rate (federal plus nonfederal) is 3:1, up to the first $1,000 saved, with a total of $4,000 thus available for allowable asset purchases.
- Allowable acquisitions are a first-time home purchase, business start-up or expansion, or post-secondary education. The exhibit below describes the goals of the current participants.



- Project participants must be a county resident with a regular source of income that meets the AFIA income and net worth requirements. Participants must participate in a financial education and training curriculum designed to help in budgeting and to prepare for asset ownership.
- Participants are required to deposit at least $25 per month to a maximum of $50 per month. Participants who miss three consecutive monthly deposits are subject to termination. Deposits can be made in-person or by mail, ATM, or direct deposit.
- Emergency withdrawals are permitted to cover medical expenses, to prevent eviction, and to pay expenses after losing a job. Such withdrawals must be repaid to the account within one year.
- Participants work closely with the IDA Project Coordinator to determine financial goals and plans and to discuss any problems that may interfere in program participation.
- Participants can withdraw matched funds six months or more after making their first deposit.

IDA Project History

SCACDC first became intrigued with the concept of asset building strategies targeted to the low-income when they heard about the American Dream Demonstration, the first large-scale IDA demonstration. SCACDC believes asset development enables low-income families to enter the economic mainstream. To further the lobbying effort around IDAs, SCACDC organized the South Carolina IDA Collaborative, an informal network of diverse organizations committed to building wealth in South Carolina communities. The original IDA collaborative consisted of five SCACDC member organizations, including the WECC.

> ***Tip for Practitioners***
>
> **An IDA collaborative or advisory board is an effective way to create interest and promote discussions and partnerships within the community for IDAs.**

Following the passage of AFIA in the fall of 1998, SCACDC contacted SCDSS to discuss partnering together to establish a statewide IDA project. SCDSS was interested in partnering with local CDCs because they wanted to get more involved in local community development. SCDSS agreed to provide the non-federal matching funds required by the AFIA legislation, and SCACDC took the lead in developing the proposal for the statewide IDA project.

To date, there are 15 AFIA sites operating in the state. SCACDC continues to receive additional requests by other members who are interested in establishing a local AFIA project. SCACDC has received a supplemental AFIA grant of $400,000 to meet the demand of their CDCs.

7.2 Project Administration

Organizational Partners and Their Roles

Four partner organizations are involved in administering this AFIA project:

- South Carolina Association for Community Development Corporations (SCACDC);
- Williamsburg Enterprise Community Commission (WECC);
- South Carolina Department of Social Services (SCDSS); and
- Georgetown Kraft Credit Union (GKCU).

The South Carolina Association of Community Development Corporations (SCACDC) is a statewide trade association of non-profit, community-based development corporations (CDCs). SCACDC's members include 40 of 63 CDCs in the state. Promoting community development by building the capacity of local CDCs through the provision of technical assistance, leadership development, access to capital, and advocacy is their mission. They encourage CDCs such as WECC to use IDAs as a tool to further economic development in their communities. The AFIA project is viewed as an innovative approach to combating poverty that focuses on helping working families acquire modest, yet decisive stakes in their communities.

Contractually, SCACDC's responsibilities include the following: raising the match funds, coordinating all organizations involved in the project, designing the financial education and training curricula, and developing a statewide IDA Project Advisory Board.

Role of the Grantee in a Multi-site Project

SCACDC, the AFIA grantee of the statewide initiative, plays a large role in the local IDA projects, including:

- **Raising the non-federal match funds;**
- **Providing overall fiscal management;**
- **Providing technical assistance;**
- **Conducting the research and development for the financial education and training curriculums.**

To help support the project, SCACDC holds quarterly IDA meetings with participating CDCs. The SCACDC web page contains IDA links to their financial education curricula and to statewide IDA contact information. They also have IDA resource links to SCDSS, Federal Home Loan Bank of Atlanta, and the Corporation for Enterprise Development, an IDA advocacy group.

Practitioner Tip

An additional resource for participants interested in purchasing a home is the Federal Home Loan Bank's First-time Homebuyer Program.

SCACDC has also partnered with the Federal Home Loan Bank (FHLB) of Atlanta to offer to AFIA participants the FHLB First-time Homebuyer Program. The program provides matching funds for down payment and closing costs of qualified first-time homebuyers who finance their homes through their member financial institutions. None of WECC's AFIA participants have taken advantage of this service yet.

Another SCACDC program that supports the IDA initiative is the Community Economic Development Studies, funded originally by the Ford Foundation through the Southern Rural Development Initiative. Sessions on various topics of interest including IDAs are offered by SCACDC to CDC practitioners in the state, including WECC.

The Williamsburg Enterprise Community Commission (WECC) is responsible for recruiting and providing support to project participants in Williamsburg County. Specifically, WECC is responsible for assisting in recruiting qualified project participants, hosting project orientation sessions, providing the financial education and training curricula, and providing individual homeownership counseling and assistance.

WECC is a non-profit CDC dedicated to the revitalization of Williamsburg County. In 1995, WECC received $3 million from the Federal Enterprise Community program to promote community development. They have also recently received $1.5 million for the development of a housing subdivision with 27 affordable homes.

Two other WECC programs support the AFIA project. These are the Small Business Development Center that manages a small business loan fund and provides technical assistance to those wishing to start a business, and the Transitional Housing Program, which provides temporary shelter to homeless residents.

The South Carolina Department of Social Services (SCDSS) plays a crucial role in this collaborative effort. SCDSS contributed all of the non-federal match funds to the AFIA project, as well as some funding for administrative activities. SCDSS sees IDAs as a way to help clients who are involved in the welfare-to-work process. SCDSS aids in the recruitment of potential participants from active TANF caseloads, as well as former recipients who are employed.

The Georgetown Kraft Credit Union (GKCU), located in Kingstree, South Carolina, is the financial partner of the AFIA project administered by WECC. GKCU is a community development financial institution (CDFI), a financial institution that serves low-income populations. GKCU was interested in partnering with WECC because they see IDAs as a way to further their goal of helping the people that banks do not reach. WECC previously partnered with GKCU to promote credit union memberships for county residents and to facilitate credit counseling.

Staffing

The IDA project is very labor intensive for both WECC and SCACDC. They both are able to staff the project adequately because they have received additional administrative funding from SCDSS and have leveraged funding from other sources, such as the Federal Enterprise Community grant. Other people involved in the project include a Family Independence caseworker from SCDSS and the branch manager from GKCU.

SCACDC is the statewide coordinator of the IDA initiative and provides technical assistance to the local IDA projects. SCACDC is also responsible for maintaining the reserve account and preparing all checks for the matched withdrawals after verifying the information about the asset purchase. At SCACDC three of the six staff members are involved in the AFIA project including the President and

CEO, the Vice President of Finance (20 percent time), and the Director of Training and Technical Assistance (75 percent time).

The WECC is the administering organization for the local AFIA project and has a staff of six. Two to three staff members, including the Executive Director, are involved in the administration of the AFIA project. The IDA Project Coordinator is the primary contact for all AFIA participants and spends 75 percent of her time on the AFIA project. She is responsible for determining participant eligibility, monitoring account activity, and assisting the participant through the asset acquisition process.

A Family Independence caseworker in Kingstree is WECC's main contact for IDAs at SCDSS. She is responsible for referring SCDSS clients to the project and helping at some of the financial education and training sessions. Her involvement in the project is minimal.

The branch manager from GKCU is the primary contact for AFIA participants at the credit union. She helps participants open accounts and participates in some of the financial education and training sessions. She also forwards all participant bank statements to WECC for review. She has little involvement in the day-to-day operations of the project.

7.3 Participant Recruitment and Screening

The program staff reported that they have not had problems recruiting eligible and interested participants. WECC believes the 3:1 match is an extremely appealing benefit to participants. In June 2001, WECC easily filled the 13 funded slots awarded to them. There has been some turnover, but nine of the original thirteen are still active participants. The last participant was enrolled in November 2001. Enrollment will end by June 2003, to ensure that participants have adequate time to save for their goals and complete the necessary activities by June 2005.

In June 2002, WECC's AFIA project had nine active participants whose deposit balances ranged from $149 to $578. Four participants had been dropped from the project. Two lost their jobs, one moved, and the other did not attend the financial education sessions. WECC is in the process of enrolling four new participants from their Transitional Housing Program to replace the four who were withdrawn from the project.

The target population for this project includes households eligible for the Federal Earned Income Tax Credit, current and former TANF clients, clients of community-based organizations, and members of religious organizations. Outreach to community-based and religious organizations has allowed the program to reach the low-income target population. Newspaper announcements and word-of-mouth have been the main methods for recruitment. SCDSS also is involved in recruiting IDA participants. SCDSS refers clients who are in the process of welfare to work and has referred about one-third of the AFIA participants to WECC. The others came from word-of-mouth referrals from WECC and other community-based programs.

As part of the screening process, all interested individuals must attend a WECC orientation that describes the AFIA project and its requirements. Those interested in enrolling in the AFIA project must meet one-on-one with the IDA Project Coordinator and complete the following forms:

- 200 percent Federal Poverty Level Determination and Declaratory Statement;
- Consent Form for Participation in IDA project;
- Georgetown Kraft Credit Union Membership Application;
- DSS Form: Employment Application (personal, employment, and education data);
- New Participant Form (demographics, contact info, income, assets, and liabilities);
- IDA Project Participant Questionnaire (indicates asset goal);
- Credit Report Consent Form (permission to request a participant's credit report); and
- Saving Plan Agreement (discusses participant's goals, rights, and responsibilities).

> ***Tip for Practitioners***
>
> **To ensure a participant is ready for asset acquisition, the applicant cannot enroll in the IDA project until their credit has been repaired.**

Once eligibility is determined, the IDA Project Coordinator assists the participant in making decisions regarding their participation in the project. For example, staff will counsel applicants regarding their current income and obligations. The applicant's credit history is reviewed and if credit repair is needed, the applicant is referred to a credit counselor. Once the counseling is complete and credit has been repaired, the participant can enroll in the project.

7.4 Financial Education and Training

WECC's AFIA project has a demanding financial education and asset-specific training component. AFIA participants are required to attend a 30-hour financial education curriculum and a 30-hour financial training curriculum. Each of the curriculums consists of six sessions that are offered on Saturday afternoons, or as two evening sessions.

To prepare member organizations for the financial education and training component of the AFIA project, SCACDC conducts 'train the trainer' sessions. During the past year, SCACDC has held two-day sessions on the following curricula: Economic Literacy, Homebuyer Education, Entrepreneur Training, and Secondary Education.

> ***Financial Education and Training***
>
> **The requirement for financial education and training is very demanding for IDA projects funded by the statewide AFIA grant. Each participant is required to attend 30 hours of financial education and 30 hours of financial training.**

WECC uses a Financial Education curriculum called "Smart Money Moves" from the National Community Reinvestment Coalition. A benefit of using this curriculum is its instructor's manual, which gives suggestions on dialogues to have with students.

The curriculum includes following topics:

- An orientation to IDAs and other assets, process of opening a savings account;
- The importance of budgeting, goal setting, and budget implementation;
- Role of credit and its repair; how to get out of financial trouble; and
- Consumer rights and responsibilities, and the financial impact of life events.

SCACDC has been in the process of developing and refining their asset-specific training curricula. WECC offers the following curricula that SCACDC recommends:

> ***Tip for Practitioners***
>
> **SCACDC has done most of the research of financial literacy curriculums for its member agencies. This has been an efficient strategy for a time consuming process. SCACDC's "train the trainer" sessions ensure the information is disseminated consistently across all the IDA projects.**

- The homebuyer curriculum for those acquiring a home is a new program developed by a HUD-certified trainer using a variety of materials. Rural Housing, one of WECC's partners, conducts the classes.
- "Diamonds in the Rough" is a business capitalization curriculum that is mentor-based and guides participants through the entrepreneurial developmental stages.
- Post-Secondary Training is individually tailored to meet the participant's needs. Participants are referred to schools that provide training in their area of interest.

7.5 Case Management and Support Services

The IDA Project Coordinator is responsible for most of the case management provided to AFIA participants. SCACDC and WECC believe that the one-on-one support is an important factor in minimizing emergency withdrawals and project dropout.

The IDA Project Coordinator develops a relationship with the participants through interactions during recruitment, orientation, the application process, and the financial education and training components. She individually assists participants in determining their asset and their savings goal and addressing challenges that may affect participation. She maintains monthly face-to-face contact with most participants throughout their involvement in the project.

Tip for Practitioners

To encourage peer support and reinforce knowledge learned in the financial literacy training, WECC participants are planning a "controlled spending field trip" to the local flea market.

Peer support is an important component of the WECC IDA project. Most of the participants know each other and support each other. One participant mentioned that when she sees someone from the project in the grocery store she takes inventory of what they have in their basket and tells them "Are you sure you need everything in there? Are any of those items going to make it more difficult to save up for your dream home?"

There are three phases of case management for AFIA participants. The first phase includes introducing the AFIA project, determining eligibility, and opening the IDA. The second phase is account maintenance, answering questions about the account, providing financial training, and assisting with credit repair issues. The final phase involves the process of purchasing the asset. This phase is said to be the most difficult given the level of support required by participants. Because these purchases (home purchase or business start-up) are often quite complex, this component is often referred to other organizations.

SCACDC and WECC recognize that it may be necessary to assist AFIA participants in accessing supportive services, or in addressing other non-financial challenges such as substance abuse. WECC relies on referrals to other organizations in the area such as SCDSS for the provision of social services, given WECC's focus on economic development.

7.6 Future Plans

Expansion of IDA activities is a future goal for both WECC (more IDA slots) and SCACDC (more IDA projects). SCACDC has received a supplemental grant of $400,000 to meet the demand of its member organizations that are interested in establishing or expanding an IDA project. WECC is expecting at least another 15-20 slots for their IDA project from this grant. SCACDC also wants to find ways to get more participant referrals from SCDSS.

7.7 Lessons Learned

SCACDC and WECC identified several lessons learned from the first year of operation.

- ***The AFIA project can help build organizational capacity by attracting additional resources.*** The AFIA project leveraged a partnership with SCACDC and the National Rural Funder's Collaborative (NRFC) to support a resource base for rural communities. SCACDC was one of four groups selected from 280 applications nationwide. According to NRFC, they were selected because "Even with few dollars to

Organizational Capacity Building

One of the benefits of participating in the IDA project is capacity building for the organizations involved. Capacity building has occurred through relationships with new partners and by attracting additional resources.

support them, SCACDC has been successful in establishing statewide projects of IDAs and capacity building for CDCs, while developing a community-based policy agenda."

- ***The AFIA project also enhances capacity building through the development of new partnerships.*** The AFIA project requires the CDCs to partner with other local organizations, which supports the growth and development of each organization. In rural areas, partnerships are more difficult to form than in large urban areas.
- ***Financial education and training curricula take time to develop and disseminate. One size does not fit all.*** SCACDC spent a lot of time researching various financial curricula and then training staff involved in the local AFIA projects to deliver the selected curriculum. Individual projects are then allowed to customize the training to their participant's needs. All of this takes time, especially for a multi-site project.
- ***It is better to set the monthly deposit goal high. Originally, the monthly savings goal was $25 per month, but now participants are encouraged to save closer to $50 per month.*** This higher threshold helps to ensure participants can save the maximum amount in the time allotted.
- ***It is important to recognize that rural CDCs encounter different issues than urban CDCs. The provision of services in rural settings is more expensive than in urban settings because people are not clustered together in large numbers.*** The geographic distances and lack of a large town center make it more difficult to develop partnerships. Many people in rural areas are isolated from the services that can help them because of lack of public transportation.
- ***One should encourage faith-based organizations to include the whole community, not just their congregation, in an AFIA project.*** In such instances, one should suggest that a faith-based organization institute a Board of Directors consisting of community members outside the congregation.

Chapter Eight: Cross-Site Assessment

The great variety of experiences noted in our two rounds of site visits was no surprise. Because federal regulations give AFIA grantees substantial flexibility to tailor their projects to local conditions, we expect to see a great deal of diversity in project operations. Moreover, the study sites were intentionally chosen to encompass a range of project models. But there are also striking commonalities of experience. In this chapter we provide an analysis of cross-site patterns with respect to key operational issues. The purpose of this analysis is to identify issues where sites had common experiences, and those where they differed. The challenges that are common across sites also suggest, for the IDA field at large, potential areas where further technical, financial, or other assistance might be particularly needed.

These findings are discussed with respect to the following operational features:

- Project administration;
- Participant recruitment and selection;
- Financial education and training; and
- Case management and support services.

Throughout this chapter and the next, we refer to the sites by their geographical location rather than by their organization's name. Specifically:

- Bronx site – Mt. Hope Housing Company
- Milwaukee site – Milwaukee Social Development Commission
- Pittsburgh site – YWCA of Greater Pittsburgh
- New Orleans site – Tulane University
- Williamsburg site – Williamsburg Enterprise Community Commission
- Sonoma site – Sonoma County People for Economic Opportunity

8.1 Project Administration

Some aspects of IDA operations took more time and effort than expected.

Consistent with the findings from our earlier IDA research, project staff at all six sites found that IDA projects most certainly do not "run themselves."[54] Many staff members were surprised at how much time and effort was required to develop or to operate certain aspects of their project. What were the most time-consuming aspects of operating an IDA project? These differed according to the characteristics of the project and the staff. Where the project provided a great deal of one-on-one assistance (for example, the Bronx site), it was case management that was particularly labor-intensive. At other sites the most labor intensive activities were administrative tasks such as account monitoring (reviewing bank statements and following up with participants that had missed deposits) or generating administrative reports. At others, it was the development and delivery of the financial education component.

Virtually all sites struggled with what they felt was inadequate administrative funding to address all the tasks of operating an IDA project.

Most of the projects we visited felt they could have used additional staff to operate the AFIA project, but lack of administrative funding prevented them from doing so. Staff burnout was a frequently cited concern, as staff members worked to juggle the many demands of operating an AFIA project. What suffers when administrative resources are lean? Most often, it is account monitoring and case management, activities that are relatively easy to defer. Staff *turnover* has also been an issue at some of the sites, but it is less significant than the issue of *overextended* staff that we observed at nearly all the sites.

Clearly, organizations that cannot subsidize the IDA project either internally or externally (that is, cannot provide administrative resources from sources other than AFI funding) are most likely to feel the pinch of lean administrative funding. The challenge is also obviously greater for large IDA projects (with many accounts) than for small ones. When the AFIA project involves only a dozen or so accounts, as at the Williamsburg and Sonoma sites, staff can still manage to stay on top of things better than if they had dozens of accounts to manage. These factors suggest that the most challenged organizations would be those that are attempting to operate large-scale AFIA projects with little access to other sources of administrative funding.

An important way to compensate, at least partially, for limited administrative funds is to leverage internal organizational resources.

How do AFIA projects manage in the face of limited resources for IDA administration? Often, internal organizational resources are key. Projects that are housed within large parent organizations benefit from what are effectively internal subsidies for IDA administrative tasks. By leveraging internal resources from the parent organization, IDA administrative funds can be stretched further. For example, the AFIA project at the New Orleans site benefits from the grantee university's accounting system. At the Bronx site, non-IDA divisions within the organization pay part of the IDA

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[54] Gregory Mills, et al. *Evaluation of Asset Accumulation Initiatives*, Abt Associates Inc., Cambridge, Mass., February 2000.

Director's salary. The AFIA project at the Sonoma site benefits from the availability of non-IDA staff members to attend advisory group meetings and brainstorming sessions. At least two sites also receive supplemental administrative funding (at Williamsburg from the Department of Social Services and at the Sonoma site from private funding sources). Larger organizational resources mitigate, though they do not eliminate, the challenges posed by constrained administrative resources for AFIA projects.

To one degree or another, most project staff members felt that they had to "learn by doing" largely on their own.

Organizational capacity – and staff expertise in particular – are issues at many of the sites we visited. The IDA field is new – barely ten years old. Compared to other areas of social policy, there are few professionals with first-hand experience operating IDA projects, nor a very large body of experience about what works (although this is changing yearly, in part through the growing number of AFIA projects). Both individual organizations and the field at large are still ascending the learning curve.

This was evident at virtually every project we visited. Developing and operating the IDA projects required staff members to conduct unfamiliar tasks. Staff are called upon to monitor financial accounts, provide case management, advise on homeownership, develop financial curricula, and conduct training sessions, to name but a few tasks – often with little or no previous experience.

Projects seemed to struggle the most with tasks related to the financial aspects of AFIA projects – for example, developing a financial literacy curriculum, counseling participants about the mortgage application process, or negotiating with banks. IDA staff members, who typically come from nonprofit backgrounds, often had little experience with these issues.

All sites, to one degree or another, simply figured it out as they went along. Under the circumstances, the challenge is to be creative in marshalling what expertise does exist, often from different sources. One site (New Orleans) contracted out the financial literacy component. Most of the others tried to mobilize the expertise that already existed through partnerships. Some sites utilized partners' programs (the Pittsburgh site used its bank partner's homeownership program). Yet others (Sonoma and New Orleans) took pains to involve financial institutions as project *advisors* to supplement their own expertise. At the two multi-site grantees, Williamsburg and Milwaukee, the respective umbrella organizations provided substantial technical assistance.

Information-sharing resources such as IDA listservs, conferences, and workshops were felt to be valuables resources. When asked what other resources might be useful, some respondents wished that they could have had systematic "how-to" training *before* they began operations. One possibility might be technical assistance offered after grant award but before project implementation. This need appears to be particularly acute in the area of developing a financial literacy curriculum.

It will be interesting, in later cohorts, to see if the growth of the IDA field and the corresponding emergence of a cadre of experienced IDA professionals will mitigate some of the challenges that these "first generation" IDA projects faced.

Although their specific roles varied widely, partner organizations were essential in some way to every IDA project.

No IDA organization has been able to do everything itself. Each AFIA project involves at least a financial institution that holds the accounts. Often other partner organizations are also involved in recruitment, referrals, or asset-specific training.

The extent of partners' involvement in the IDA projects varied. At three sites, (Bronx, Milwaukee and Williamsburg) partners' roles are limited to making referrals to the IDA project and/or providing occasional guest speakers for the financial literacy course. These functions did not seem to be particularly burdensome on the partner organizations and were felt to complement their own activities.

At the other end of the spectrum are sites where partners have had a major role and have invested significant effort in developing or operating the IDA project. At the New Orleans site, for example, three banks have shaped the project from its start, and they continue to invest considerable staff time in monthly "IDA brain trust" meetings. Similarly, at the Sonoma site, the financial partner participated actively in shaping the project initially. The Sonoma project's integration with partner Burbank Housing's "sweat equity" program is also central to the AFIA project – as is the homeownership program of the Pittsburgh grantee's bank partner. As mentioned above, for the two multi-site grantees, Williamsburg and Milwaukee, the umbrella organizations play a significant role in providing technical assistance to their members' IDA projects. Exhibit 8-1 summarizes the allocation of responsibilities among partners.

The effort required to develop and maintain strong relationships with organizational partners can be time-consuming, and it does not always pay off. Indeed, we encountered several instances where partnerships had deteriorated to virtual non-communication. But this difficult work *can* pay off in important ways. Staff members can develop new skills. Stronger links with other groups can allow the grantee to offer their clients additional services. (For example, a bank or credit union can offer services that benefit all clients, not just IDA participants.) It can even help the organization obtain additional funding, as in the case of the Williamsburg site obtaining National Rural Funders' Collaborative funding in large part because of what the IDA project indicated about its organizational capacity.

Where financial institutions have a major role in the IDA project, compromises must be made between "social service" and "corporate" attitudes to IDAs.

In three of the sites (Bronx, Williamsburg, and Milwaukee), the financial institutions have a minimal and straightforward role: to hold and maintain the IDA accounts. This involves relatively little time or substantive input into the project. At the other three sites, the financial institutions have played a larger role in the IDA project, and there are important lessons to be learned from these experiences (especially since some pending congressional proposals would give financial institutions a larger role in operating IDA projects).

Exhibit 8-1:
Allocation of Lead Responsibility for Major Project Functions

Project component	(Sub)grantee has lead responsibility	Partner(s) has lead responsibility	Shared closely	Comments
Project design	Bronx Sonoma Williamsburg (grantee) Milwaukee (grantee)		New Orleans Pittsburgh	In Williamsburg and Milwaukee, subgrantees and grantees shared this task.
Recruitment/ referrals	Williamsburg (subgrantee) Milwaukee (subgrantee)	Sonoma New Orleans Pittsburgh	Bronx	
Eligibility screening	New Orleans Williamsburg (subgrantee) Milwaukee (subgrantee)	Pittsburgh	Bronx Sonoma	
Monitoring accounts	Bronx Sonoma Pittsburgh Williamsburg (subgrantee) Milwaukee (subgrantee)		New Orleans	
Case management	Bronx Sonoma Williamsburg (subgrantee) Milwaukee (subgrantee)		New Orleans Pittsburgh	
Financial literacy	Bronx Sonoma Williamsburg (subgrantee) Milwaukee (subgrantee)	New Orleans Pittsburgh		Contracted out to service providers.
Asset-specific training	Williamsburg (subgrantee) Milwaukee (subgrantee)	Bronx Sonoma New Orleans Pittsburgh		In Williamsburg, subgrantee and grantee share this task.
Credit counseling	Bronx Sonoma	New Orleans Pittsburgh Williamsburg (grantee) Milwaukee (grantee)		

At the Pittsburgh and New Orleans sites, the financial institutions had a large role in the planning stage and continued to be involved even after the projects reached "steady state." At the Sonoma site, the bank was heavily involved in the planning stage but not later.

The financial sector's perspectives on IDA issues can differ dramatically from those of nonprofit agencies, and these differences must be bridged to reap the advantages of the financial institutions' input.

The financial institutions' input was most often felt to be a great benefit. Their expertise often helped compensate for nonprofit staff members' lack of expertise in topics such as financial literacy and loan application requirements. This is important especially in view of the observation, detailed elsewhere in this chapter, that the financial tasks were among the most difficult ones for grantee staff. As one respondent noted, "who better than a bank to comment on what makes an attractive loan candidate?"

If their input can be so helpful, what does it take to involve financial institutions actively? Community Reinvestment Act (CRA) credit is typically a major attraction. So is access to a potential customer base. Some banks viewed IDA participants as essentially a *prescreened, prequalified* population that would be better credit risks than other low-income applicants. An important factor can be the *volume of business* that can be expected to result. Thus, homeownership as an authorized use is often most attractive because mortgage loans are bigger than microenterprise loans and because they are considered to be a "gateway" loan product that results in demand for other bank services. Project requirements that oblige IDA participants to obtain loans at that bank can be attractive (but may conflict with grantees' desire to give their participants choice, as discussed below). Large IDA projects are more attractive than small ones. The Sonoma site's experience is illustrative: after several years of investing staff time in designing the AFIA project, the financial institution appeared to have lost interest because all that effort resulted in "just ten accounts."

The non-profit grantees also found that their financial partners often were less willing to "carry" low-activity accounts or those that they feel have little likelihood of reaching their savings goals. (This attitude was also shared by the more experienced nonprofit agencies that have realized that low-activity accounts are not in their interest either, as such accounts place a claim on match funds that could be used by others.)

An example of issues that can require negotiation is whether to require AFIA participants to apply for mortgage loans at the financial institution that holds the IDA account. Financial institutions feel this is fair "payback" for their effort. In Pittsburgh, Dollar Bank requires that all members of its homeownership program, including IDA participants, obtain mortgage loans there. This issue also arose between the New Orleans grantee and its three partner banks. The compromise solution was that each bank has the "right of first review" of the mortgage applications of its IDA accountholders, with the opportunity to match competing offers that the participant might obtain. This appears to work well as a balance between consumer choice and "payback" to the bank partners.

8.2 Participant Recruitment and Selection

The time spent developing recruitment and referral partnerships is a wise investment of effort during the startup phase.

The Bronx and New Orleans sites felt that a heavy investment of effort in nurturing partnerships for referrals had paid off in a strong inflow into the IDA project that created important early momentum. As described in the respective case studies, among the methods used by these sites were "training days" to educate referral partners about the IDA project, and tracking the success rate of various recruitment mechanisms to focus recruitment resources on the most successful ones.

Conversely, as described in the case study, the Pittsburgh project has found that shortcomings in its recruitment efforts (specifically, assigning lead responsibility for this activity to a partner with limited capacity to carry it out) have resulted in difficulty filling IDA slots, and potentially compromises its grant performance.

Word of mouth was felt to be a highly effective recruitment method.

With the exception of the Sonoma site, for which it was too early to tell, all the grantees felt that word of mouth was among the most effective recruitment methods. At one site, New Orleans, this actually created some difficulties with respect to case management. The project adopted a decentralized case management structure in which referring agencies were to be responsible for case management of "their" IDA participants. With an unexpectedly high number of self-referrals (walk-in applicants), Tulane has found itself having to shoulder the burdens of providing case management to individuals who come to the project with no other agency "home."

The number and nature of AFIA participants is influenced not only by the "self selection" among prospective applicants but also varying degrees of "agency selection" from among those who apply.

All AFIA participants must meet the statutory eligibility criteria. Grantees can also establish other selection criteria, through their definition of specific target populations (for example, public housing residents). Even so, what determines which of potentially many eligible individuals actually end up enrolling? Most of the grantees we visited would be uncomfortable saying that they have selection criteria apart from the eligibility criteria. They are usually committed to offering the IDA opportunity to everyone equitably and are reluctant to turn someone away who wants to enroll. Only the Pittsburgh project explicitly triages interested individuals into the "IDA ready" and those not yet ready.

Nevertheless, projects tend to favor those applicants regarded as most likely to reach their savings goal. Often this happens as a consequence – sometimes intended and sometimes unintended – of the ways that agencies structure their projects, or as a result of the partnerships established. Consider the following illustrative examples. The Sonoma and Pittsburgh sites allow only 12 months for attainment of the savings goal. The Milwaukee site developed an enrollment process that requires individuals to come in three or four times – a deliberate move to identify those who are truly serious about joining. Additionally, its initial IDA population, refugees, was notably self-driven. The Sonoma site's project reaches a self-selected population by virtue of its affiliation with Burbank Housing's sweat equity homeownership program. The AFIA project is available only to those who have demonstrated a willingness to invest substantial sweat equity in their home by enrolling in Burbank Housing's program, and they must also meet Burbank Housing's rigorous requirements to open an IDA account (including mortgage pre-qualification and a credit check). At the time of our visit, the New Orleans site was considering instituting a probationary period during which individuals would have to demonstrate a commitment to regular savings before being allowed to enroll. In all of these ways, therefore, AFIA projects seek to enroll those most likely to succeed from among their eligible populations.

Experienced grantees have become more strategic about what it takes for participants to succeed.

During our first round of site visits, to FY 1999 grantees, we were struck by how many of the grantees, relatively new to IDAs, placed a high premium on allowing participants every chance to succeed. This translated into a high tolerance for participants who were struggling and a notable reluctance to turn anyone away. Everyone was felt to deserve a chance … and a second and third chance as well. Thus, projects continued to "carry" accountholders even if they had skipped several deposits, failed to keep appointments, or failed to attend financial literacy training as scheduled.

Our second round of site visits suggests that as grantees have accumulated experience with participants who are not doing well, they have become more rigorous, and more explicit, about what they expect of participants. These observations are based primarily on two of the three sites that received a second visit this year. (Some of the FY 2000 sites are also fairly strict, however, perhaps having learned from the experiences of the earlier generation of IDA projects.) The Milwaukee site made no significant changes in project operations; few were needed because its initial population was already remarkably motivated. The Bronx and Pittsburgh sites, however, have become more rigorous about what they expect of AFIA participants. This includes increases in the minimum monthly deposits, a triage system that allows IDA participation only for those who are within 12 months of being good candidates for a mortgage loan, and a greater propensity to terminate clients that repeatedly fail to meet project requirements.

Why the higher expectations? Waiting lists at some sites (Bronx and New Orleans) sharpen the pressure to allocate limited IDA slots to those are likely to make the best use of them. The unpleasant experience of having to terminate low-activity accounts has made some agencies take steps to *prevent* them by expecting more of clients in the first place. Some sites (Pittsburgh and Williamsburg) encourage or require high minimum deposits because they realized that low monthly deposits simply will not result in an adequate down payment. And perhaps most compellingly, grantees have seen for themselves that even the very poor *can* sustain rigorous savings demands. In fact, it is *not* asking too much to require regular and even substantial deposits.

Approaching grant expiration may lead some grantees to subtly modify the types of participants they admit and the savings goals that the project promotes.

Of the three FY 1999 sites that we revisited from last year, only one – the Bronx site – was actively considering the implications of the pending grant expiration for its project. (At the other two sites visited for the second time, project changes are motivated by other factors.) The Bronx site's approach to this issue is informative. The agency noted that in its experience, full completion of the IDA takes about two years, and often involves a period of six to eight months when the participant has reached his or her savings goal but has not yet taken action to spend the money. Project staff felt this occurred because of trepidation or lack of clarity about what to do with the money.

Thus, the fact that less than a full "cycle" remains in its AFIA grant is obliging the Mt. Hope agency to be more strategic about who is allowed to open an IDA at this point, and for what purpose. The agency feels more pressure to admit people that have a realistic chance of completing their savings goal before the grant expires. Also, more than before, it "softly" steers people to goals that are more likely to be attainable in the short time remaining, such as business startup or education rather than homeownership. It is important to note that neither of these factors is a hard and fast rule; rather, the way in which the project is portrayed to applicants is subtly different than it was earlier in the grant period.

8.3 Financial Education and Training

The diversity of approaches to financial education among the sites is striking. Projects vary significantly in terms of length of training, topics covered, and general approach to the subject.

Financial literacy training was one aspect of project operations in which there was remarkably *little* commonality across sites. Each site was remarkably different, although it is possible to characterize their approaches as those that primarily emphasize technical information (the "technical" approach) and those that are more general and also emphasize personal transformation (the "life skills" approach). Characteristics of the financial literacy and asset-specific training are summarized in Exhibit 8-2 below.

Two sites (Pittsburgh and Milwaukee) adopted a primarily technical approach. Perhaps not coincidentally, in both of these sites, IDA accounts are seen as primarily a "product" – a valuable financial incentive – rather than as a transformative, personal-empowerment "program." At both of these sites, IDA participants are typically driven, focused, and clear about their financial goals before they enroll; they have relatively little need for "life skills" assistance such as goal-setting. In Pittsburgh, the financial education component consists of a homeownership course that imparts technical information about the home-buying process. This made sense because the AFIA project was incorporated into an existing homeownership readiness program operated by the bank partner, homeownership is the only authorized use, and IDA enrollment is open only to those who are considered very nearly mortgage-ready. At the Milwaukee site, where a large part of the participant population is refugee, who as a group tend to be highly motivated and directed, the role of the financial education is to help individuals learn about the U.S. financial system and how to navigate it. It is sometimes offered one-on-one because of language barriers.

At the other sites (Bronx, Williamsburg, New Orleans, and Sonoma), the financial education adopts a "life skills" approach, with greater emphasis on financial introspection, general money management, and goal-setting. The Bronx training (described in more detail in the case study) was particularly well-received by participants because it starts with a general exploration of psychic attitudes about money and how one's financial decisions reflect one's life values.

Development of the financial literacy courses was particularly challenging.

Five of the six sites we visited (all but the Pittsburgh project) developed a financial literacy curriculum from scratch (although not always in-house). They all felt that this was one of the most challenging tasks of the start-up period.

Exhibit 8-2:
Financial Education at the Six Sites

	Bronx	Milwaukee	Pittsburgh	New Orleans	Sonoma	Williamsburg
Financial Literacy Course						
Covers money management, budgeting	Yes	Yes	No	Yes	Yes	Yes
Covers technical “how-to” information	Yes	Yes	Yes	Yes	Yes	Yes
How developed?	In-house	Subgrantee developed in-house	Uses partner’s pre-existing program	Contracted out to service providers	In-house	Grantee developed in-house
Who delivers it?	Grantee	Subgrantee	Partner organization	Service providers	Grantee	Subgrantee
Asset-Specific Training						
How developed?	Partner organizations	Subgrantee and partners	Partner organization	Partner organizations	Partner organizations	Grantee and partners
Who delivers it?	Partner organization	Subgrantee and partners	Partner organization	Partner organization	Partner organization	Subgrantee and partners

The sites had little experience with financial literacy issues and little idea of where to start and what to include. How did they handle this? Recognizing its lack of staff to develop and deliver a course in-house, the New Orleans site decided to out-source it through an RFP process. The other four grantees developed theirs in-house. In South Carolina, the Williamsburg site benefited from the fact that the umbrella organization took on this task for its members. With its refugee population, the Milwaukee site provides one-on-one information, but now that it is preparing to serve a bigger, broader population, it is experiencing the challenges of developing a standardized curriculum. The Bronx and Sonoma sites developed their curricula in-house with much time and effort. (In fact, the Sonoma site utilized the Bronx site's curriculum for inspiration.) We were not in a position to assess curriculum *quality*, but as noted above, the diversity of intensity and topics covered is substantial.

It bears emphasizing that the challenges of developing a curriculum are primarily a startup issue. At the FY1999 grantees we revisited, the financial literacy courses were in "maintenance and fine-tuning" mode. But all the grantees felt strongly that technical assistance in this area, or exposure to curriculum models that they might adopt, would have been enormously useful as they began their projects.

Development of asset-specific training component was less difficult.

The development of asset-specific training appears to have been less difficult than the development of the financial literacy component. At three sites, they are offered as part of the general financial literacy course: the Williamsburg, Pittsburgh, and Milwaukee sites.[55] At the remaining three sites, participants are referred for asset-specific training to other local partner organizations, with participants typically able to choose between several providers.

Asset-specific training appears to receive attention as it becomes relevant in the development of an IDA project.

When we initially visited the FY1999 grantees, the asset-specific training at the Bronx and Milwaukee sites was not well defined because it was not yet relevant for many participants and project staff members were busy developing more immediate aspects of IDA operations. By the time of our second round of site visits a year later, these sites had fleshed out asset-specific training much more.

The most well developed type of asset-specific training is homeownership training.

Asset-specific training was most fully developed for homeownership training, followed by microenterprise training. It was typically not as well defined for the education uses. This likely stems from several factors. Where homeownership is the most popular savings goal, this type of training is relevant to more people. Homeownership training is also generally well defined and typically offered by at least several local providers. Existing sources of homebuyer education with standardized curricula are available in most areas (similarly for microenterprise development). Finally, this may at least partly be a result of the fact that the grantees we visited tend to have better developed partnerships with housing related organizations. For example, the Bronx grantee is a housing company and the Sonoma site has a strong partnership with the Burbank Housing Company.

[55] In the Pittsburgh project the two are indistinguishable, as the course offered is Dollar Bank's homeownership course.

Training specific to the educational uses of IDAs was the least well-developed type of asset-specific training.[56] Most often it involved imparting information about educational options. It was not clear from our site visits that this was done systematically or rigorously. It may or may not include career exploration.

Peer support is acknowledged to be a powerful mechanism for helping participants, but few sites make use of it systematically.

Virtually all respondents noted that discouragement and isolation (the feeling that one is going it alone) are among participants' biggest impediments to success. Correspondingly, all noted the powerful effects of peer support. Informally, peer support occurs at all the sites, especially centered around the financial literacy courses – in the casual conversations that occur before and after class, and the exchanges that occur during class. Although even informal peer support is believed to be beneficial, a *formal* mechanism for peer support was regarded by one respondent as powerful because it offered an opportunity for participants to meet not only those in a similar situation but also those who had "made it." Systematic exposure to IDA "graduates," who could comment on how asset attainment changed their lives, was observed to be tremendously empowering for participants.

Among the sites we visited, only the Sonoma and Pittsburgh projects formally have a peer support component. In Sonoma, this consists of separate discussion sessions held before or after the financial literacy class. At Pittsburgh's Dollar Bank, drop-in peer support meetings are held every three weeks, as described in Chapter 9.

8.4 Case Management and Support Services

For purposes of this report we define case management as being either financial or non-financial in nature. IDA projects offer both. We discuss them separately below.

Financial Case Management

Among the services included as part of financial case management are:

- Credit review (review of one's credit history, typically provided in a one-time session);
- Credit repair and counseling (one-on-one sessions, typically offered for as long as necessary to attain credit repair goals);
- Counseling related to participants' use of their IDA funds (examples include the determination of an appropriate savings goal and the selection of an authorized use);
- Financial management counseling (including counseling to develop a savings plan and strategies to attain the savings goal); and

[56] In principle, the Williamsburg project requires equal doses of training for all three authorized uses – 30 hours – but at the time of our visit had developed a plan for homeownership and microenterprise training; it was working on the requirements for the education and training component.

- Assistance leveraging other sources of financial assistance to complement the IDA.

There is great diversity in how financial services can be delivered, and all can serve the projects well.

Financial case management can be provided by several different agencies; it is not always provided centrally by the same agency. For example, credit repair counseling might be provided by a credit counseling agency, while the grantee agency helps the participant select between authorized uses for the IDA. The types of organizations that provide these services also varies, including financial institutions, credit counseling agencies such as Consumer Credit Counseling Services, housing organizations such as Neighborhood Housing Services, or the grantees themselves.

Financial case management requires technical expertise that social service nonprofits often lack.

Respondents agreed that *financial* case management is very different from other types of case management that grantees would ordinarily do. "Just because [an organization] knows about substance abuse," one financial representative noted, "doesn't mean that they know what it takes to get a mortgage and buy a house." Many of the grantees themselves agree: social service agencies are not necessarily familiar with issues around credit repair and asset purchase (especially home purchase). This helps account for the difficulties some of the grantees experienced in developing financial literacy curricula (described in the section on financial education). It also suggests the importance of involving *active* organizations that *do* understand these issues.

Credit repair can be critical to asset attainment, particularly homeownership, but the rigor of this program element appears to vary widely.

Several respondents commented on the importance of credit repair – addressing credit problems – to the ultimate goal of asset purchase. It is especially crucial for those aspiring to homeownership; poor credit can derail the mortgage application of someone who has otherwise done very well at accumulating savings. Credit repair is somewhat less important for those with microenterprise savings goals, and a much less significant factor for those with educational goals.

The nature of credit repair is that it is open-ended; participants may need only a few sessions or many. Thus, we cannot compare this program element quantitatively or systematically across sites (in the way that we can compare, say, the number of hours of financial literacy training offered). However, we *can* compare – qualitatively – the centrality of credit repair to these IDA projects, and the ways in which grantees approach it. In these respects, there is enormous variation across sites.

All the sites we visited provided a one-session review of one's credit report. But ongoing credit *repair,* to actually follow through on a general strategy, does not appear to happen universally. It is an important part of three of the projects we visited: the Pittsburgh project (where it is an integral part of Dollar Bank's homeownership program), the Bronx project (which provides it in-house), and the Milwaukee project (where IDA participants are channeled into a citywide credit repair program).

At the other sites, there is substantial variation in the degree to which grantees take "ownership" of this aspect of financial preparedness. Credit repair arrangements are fairly ambiguous and the extent to which credit repair actually occurs is not clear.[57] Typically, the credit review session alerts the participant to any credit repair problems, and financial literacy classes address the importance of credit repair – but actually following through depends on participants' own initiative. There does not appear to be much "hand-holding" by the grantees on this issue, or aggressive follow-through to ensure that participants are making progress on credit repair as well as savings. It is too soon to know the extent to which poor credit repair performance hinders participants' ability to ultimately attain their asset. But our site visits suggest that this important element of IDA success is not always addressed with as much rigor as other program elements.

Non-financial Case Management

Non-financial case management includes:

- Administrative tasks associated with managing the IDA caseload (for example, processing applications, account monitoring, answering questions);
- Case management that addresses participants' social service needs (such as job training, job placement, or crisis intervention services). These are defined by a personal interaction with the recipient and involve service *coordination*.

Non-financial case management usually consists of referrals rather than direct provision of services by IDA staff.

IDA project staff at all the sites we visited do not hesitate to provide referrals to other resources within the community for service needs. They might refer someone who faces a layoff to a local job training program, or someone facing utility shutoff to an energy emergency assistance fund. This is a common-sense solution to situations where IDA participants may need support services. Often these are referrals to external organizations; sometimes they are to other departments within the grantee organization. For example, the Sonoma, Williamsburg, Milwaukee, and Bronx sites are large and diverse enough organizationally to provide some types of support services in-house, such as emergency energy assistance, computer training, or workforce development programs. The Pittsburgh grantee's Family Self-Sufficiency (FSS) caseworkers can assist IDA participants who are FSS clients. At the Williamsburg site, participants get case management assistance from the Department of Social Services, a major funder of the project.

Non-financial case management needs tend to be most intense at the beginning and end of IDA participation.

The intensity of these activities – and the staff time they require – often depends on where in their "IDA lifespan" participants are. Sites have observed that participants' case management needs tend to be most intense at the beginning of program participation (e.g. to orient them and get them motivated) and at the end (to clarify their intended use of the funds, where this was not yet determined, to research options, and to prepare for asset purchase – for example, by completing

[57] Credit repair was a moot issue at the Sonoma site with its first group of housing participants because they were preapproved for mortgages by its housing partner, Burbank Housing Company. Going forward, it is unclear whether more than an initial credit review will be provided. The New Orleans site hopes to strengthen this aspect of its project.

mortgage applications). In between, as participants work toward their savings goals, case management needs consist mainly of the administrative tasks noted above, and ad hoc intervention if an unusual situation arises that needs attention.

Relying on other agencies for non-financial case management can be a risky strategy.

At four of the six sites we visited, non-financial case management is provided centrally by IDA project staff at the grantee organizations. At two sites, however, the arrangement is decentralized; that is, case management tasks were delegated to staff at several different agencies. In these instances, this was the direct result of the lack of administrative funding to support additional IDA project staff; that is, both were cases of 'working with what we have" rather than preferred choices.

At the Pittsburgh site, for example, this type of case management is performed by FSS caseworkers for FSS clients, but with no clear provisions for non-FSS participants. In the New Orleans project, without funds to support sufficient IDA case managers at the grantee university, the responsibility for providing case management was placed with referring agencies. In both cases, what has happened is that there have been significant numbers of IDA participants without a clear "case management home,"[58] and the responsibility for serving them has fallen, by default, to the grantee – which was unprepared and unfunded to accept this responsibility. These experiences have important implications for future IDA projects that aspire to "pull off" case management by relying on other organizations.

There are challenges associated with a centralized system for case management as well, but these pertain primarily to having adequate staff to perform case management tasks, rather than to any *inherent* shortcomings with the project structure.

8.5 Conclusion

There is much to learn from the six sites about the operational issues that have been most challenging, and about the results of the differing approaches that have been implemented, as perceived by the project staff and participants. For the most part, the AFIA projects that we visited are rising to meet these challenges, as evidenced by many examples cited throughout the case studies and highlighted in Chapter 9.

Despite the challenges of "climbing the learning curve" and operating AFIA projects on a daily basis, every visited site has chosen not only to continue, but also to increase, its involvement in IDAs. AFIA funding has proven to be an important catalyst for this expansion. Project staff viewed their AFIA-supported IDA projects as springboards for expanded asset-building efforts. At the time of our visits, every one of the sites planned to expand its involvement in IDAs, often by using their AFIA

[58] In the case of the New Orleans site, there were many self-referrals that came without a referring agency "home." The grantee also discovered that, despite initial agreements, many of its referring partners proved unwilling or unable to perform this unfunded mandate. In the end, the two organizations that are most active in case management are the two that are paid (for delivery of the financial literacy training). In the Pittsburgh case, the financial institution de facto assumed certain administrative tasks such as account monitoring in the first year of the project but then pulled back, leaving the grantee no option but to perform them itself.

experience to leverage funds from other sources. In that sense, the enduring effects of AFIA funding will go well beyond the asset purchases that occur directly through the use of AFIA accounts by project participants.

Chapter Nine: Promising Practices

The common challenges of operating an IDA project have been reviewed elsewhere in this report. What about the solutions? As any practitioner knows, just as there is no such thing as a "typical" IDA project, there are no "one size fits all" answers. But there *are* creative approaches that IDA project staff across the country have used to tackle the challenges that most of their fellow practitioners have faced.

In this chapter we highlight these "promising practices" in terms of seven common operational challenges facing IDA projects. We consider "promising practices" to be those that:

- Are innovative approaches to common challenges;
- Are perceived to be effective by project staff, IDA participants, and other stakeholders; and
- Could be replicated or adapted by other projects.

Our choice of terms – *promising* rather than *best* practices – is deliberate, and has several important implications. One is that this is a sampling, not a compendium. "Best" suggests that practices *not* listed are somehow not noteworthy. We want to be clear that the practices highlighted here are illustrative examples, not a comprehensive inventory of all that could or should be done.

Second, these are "promising" rather than "best" practices because we are not in a position to render judgment on their ultimate effectiveness. Indeed, we did not set out to assess project *effectiveness* in these site visits; our main purpose was to understand the issues that shape project operations on the ground. However, it quickly became apparent that certain practices were perceived by those closely associated with the projects – project staff, external stakeholders, and participants themselves - to be working very well. This alone merited a closer look.

Following are promising practices organized in terms of seven major programmatic challenges. We present these examples of things that sites across the country are doing creatively and well in the hope that IDA practitioners may be inspired by them, adapt them to their own particular communities – and perhaps even improve upon them, to the benefit of future practitioners.

9.1 Forging Successful Partnerships

Why is this important? *Operating an IDA project can be hard, time-consuming work. Sharing these tasks with strong partner organizations makes the work of operating an IDA project easier. It also enriches what you can offer by making additional resources – services, staff time, and expertise – available to your participants. Equally important, however, is knowing what tasks not to delegate to partners.*

Developing and maintaining partnerships can take precious time and much effort. Too often, partnerships that seem logical on paper dissolve when faced with the realities of their demands on each of the partners. Indeed, as important as identifying the right tasks to delegate, is recognizing which ones *not* to delegate. The New Orleans experience in delegating case management and the Pittsburgh experience in delegating recruitment offer useful cautionary lessons. When partners proved unable to hold up their end of the bargain, those tasks fell by default to the grantee organization. What is the lesson? Think twice if the task you are considering delegating to a partner organization is mission-critical, if it represents an unfunded mandate for the other organization, or if there is little enforceable accountability for poor performance. The tasks you delegate under such circumstances may well end up being ones *you* conduct in the end!

Selecting your partners *strategically* can prevent many problems. How to do this? First be introspective about your own organization. The first question to ask is *not* "which organization should I partner with?" Go deeper. First think strategically about your own organization. What are its strengths? Where are the "capacity gaps" that cannot be developed (or are not worth developing) in-house? Then think about what *kind* of partnership could fill that gap; three are described below. Only *then* is it appropriate to ask yourself which specific local organization would be a good candidate.

Successful partnerships can take a number of different forms:

- ***"Out-sourcing" some project activities.*** In this model, certain functions, such as case management or financial education, are conducted by other complementary organizations. The ***Milwaukee*** site, for example, refers IDA participants who need intensive financial literacy training to the citywide "Get Checking" program. This program is part of the citywide Asset Building Coalition, a partnership of thirteen local financial institutions and other organizations that promote financial education and asset building among the city's unbanked households. Those who are not eligible for checking accounts are able to enroll in a four-session financial literacy course taught by several providers. Those who complete the program and who have resolved their debt problems are presented with a certificate that allows them to open a checking account at a participating bank or credit union. In turn, IDAs are valuable asset-building tools for the citywide initiative as well.
- ***Interweaving your IDA project with a complementary program.*** The ***Sonoma*** site has closely interwoven the homeownership aspects of its AFIA project with partner Burbank Housing's "sweat equity" homeownership program. In Burbank's affordable housing program, participants literally build their own homes. They are required to dedicate 30 hours per week to build their home and that of their neighbor. The partnership is a win-win arrangement for both organizations. Burbank Housing already conducts due diligence for its sweat equity program, thus reducing the burden of pre-screening for the AFIA project. The Sonoma AFIA grantee is able to offer IDA participants access to affordable housing on an otherwise high-cost real estate market. When recruiting for its own program, Burbank Housing in turn is able to offer IDAs as an additional source of financing that makes a home attainable in an otherwise prohibitive real estate market. The significance of this partnership arrangement is that it is not just "outsourcing"; it is an *integration* of the two projects that amplifies what each one alone can offer.

- ***Joining an IDA coalition.*** If your organization is short on staff or technical expertise in IDAs, consider joining a coalition of like-minded IDA projects. Often these are organized under the auspices of an umbrella organization that assumes some of the administrative tasks of operating an IDA project, and may also serve as a resource for technical assistance and capacity building. The Williamsburg and Milwaukee sites are both part of larger umbrella organizations that received AFIA funding. In both cases, the umbrella organizations assume a number of administrative functions – such as reporting to HHS – that lessen the administrative burden on member agencies. They also offer technical support, though to different degrees. ***Williamsburg's*** umbrella organization, the South Carolina Association of Community Development Corporations (SCACDC), provided the entire non-federal match for its IDA members, sparing its members the need to raise match money. Its partnership with the Federal Home Loan Bank makes the FHLB's first-time homebuyer program available to members' IDA participants. The SCACDC makes available several financial literacy curricula that members can customize for their needs, and conducts training sessions for financial literacy trainers. Finally, it holds the reserve account for all the IDA projects within its purview, verifies information about allowable expenditures and writes the third party checks for the acquisition. This assistance is particularly important for small organizations operating in rural areas, like Williamsburg, where there are relatively few social service agencies and organizational capacities are relatively low. The umbrella organization for the ***Milwaukee*** site, Wisconsin Community Action Program Association (WISCAP), allows its members a fair amount of independence to customize their IDA projects. It sponsors IDA roundtables at its quarterly meetings. Like SCACDC, it collects the data required for the AFIA grant and serves as the liaison to HHS.

9.2 Forming a "Brain Trust"

Why is this important? *Operating an IDA project requires staff members to wear many hats: financial expert, case manager, counselor, and administrator. Rarely are staff members skilled at all of them. Moreover, unexpected policy and procedural issues will arise. How to handle all these with limited organizational expertise and resources? "Reinventing the wheel" alone can be frustrating, inefficient, and ineffective. How can projects tap into other sources of expertise?*

As the IDA field matures, more resources – websites, manuals, and conferences – become available to help organizations resolve the challenges of operating an IDA project. These can be extremely helpful. But they are no substitute for being able to talk to someone that knows your specific project, your community, and your problems – yet can bring a different perspective than your own. That's where the effort to assemble a committed, engaged group of advisors can be invaluable. Several sites have managed to do just that. At the sites we visited, these advisors were financial experts from the grantees' respective financial partners.

- ***Assembling a "brain trust" of banking and other experts.*** The ***New Orleans*** and ***Sonoma*** sites enlisted financial institutions to help them think through the issues of IDA project design. They felt that bankers would be helpful because homeownership was a major focus of their projects, and they felt that a financial service perspective would be particularly helpful in designing asset accumulation projects. The financial institutions in both sites contributed much staff time and were very engaged in the process of project design. In Sonoma, the bank was integral to a lengthy (two-year) planning process. Although its role declined over time, its "champion" was critical to designing the project. In New Orleans, three banks and project staff make up the IDA Collaborative Advisory Board. This group made virtually all the important design decisions: developing procedures and policies, recruiting partner organizations, developing the framework for the financial literacy curriculum, and selecting the financial training contractors. It continues to meet to guide the project. At both sites, the advisory board took up a lot of time, but project staff were convinced that their project was the richer for it. In assembling such a "brain trust," one factor to consider is the expectation of some sort of recompense for the time and input invested in your project. In the case of banks, this may entail placing some sufficiently large number of accounts at that bank to justify the effort, and/or preferential access to the resulting loan business.

9.3 Identifying Those Most Likely to Benefit From an IDA

Why is this important? *Selecting the "right" participants – right for your organization, that is – can have a huge impact. It can affect your project's word-of-mouth reputation, its performance, and ultimately, the lasting significance of IDAs in the lives of your participants and your community.*

Who the "right" participants are for your IDA project depends on your organization's mission, its constituency, and the needs of the people you serve. Organizations often struggle to balance their desire to make IDA opportunities widely available, with the practical need to allocate IDAs to those likely to make the most of them. For projects nearing the expiration of their AFI grants or with waiting lists, this issue is all the more pressing.

In selecting among applicants that have met the AFI eligibility criteria, most organizations use informal qualitative methods. Here is one example of a more systematic approach.

- ***A triage system in which participants "earn" the chance to open an IDA:*** The financial institution at the ***Pittsburgh*** site has adopted a system that gives everyone the *opportunity* to work toward IDA participation, but *allows* it only for those who are reasonably close to being mortgage-ready. (This is a homeownership-only site.) After an initial consultation with a financial counselor, individuals are grouped into one of three categories based on their potential to become mortgage-ready within a "reasonable" period of time: within 6 months, 6 to 12 months, or more than 12 months. Only those who are considered to be mortgage-ready within 12 months are eligible to open IDAs, attend the homeownership course, and receive one-on-one credit counseling. The others attend quarterly meetings with the financial trainer/counselor and can call for help when needed. When they are ready, they can "graduate" into the IDA-eligible group and open accounts. The bank is pleased that this system allows it to better allocate its staff time to individuals most likely to succeed at the end goal – in this case, becoming a qualified mortgage customer.

9.4 Conducting Effective Outreach and Recruitment

Why is this important? *In IDA projects as elsewhere, success breeds success. A strong start can give your IDA project the "buzz" that draws others to it and creates momentum. Once a project's reputation is established, word of mouth is among the most effective – and least costly – recruitment mechanisms. But creating that initial momentum can be difficult, as is deciding on the right mix of outreach and recruitment mechanisms.*

Most IDA projects rely on a mix of formal and informal recruitment and outreach mechanisms. These typically include word of mouth, referrals by partner agencies, and media outreach. Projects are often initially dependent on media outreach and referrals from partner organizations. Because word of mouth (positive or negative) then becomes increasingly important, it is vital to start strong and create early success stories. One challenge in doing so is establishing credibility, especially among those who may feel that IDAs are simply "too good to be true." A second challenge is selecting the right mix of mechanisms to be used. Two noteworthy responses to those challenges are described below.

- ***Hiring staff with personal credibility among your target population.*** In ***Milwaukee***, the grantee reached out to the IDA project's initial target population of refugees primarily by focusing on two faith-based institutions, a Bosnian/Serbian church and a Buddhist temple. One of the IDA coordinators was a member of the Buddhist temple, and the other was related to one of the elders of the Bosnian/Serbian church. This gave the AFIA project enormous credibility and trustworthiness in the eyes of both target communities.
- ***Tracking the "hit rate" of your recruitment and outreach mechanisms.*** The ***Bronx*** site believes that it is not just the number, but also the *quality*, of the referrals that counts. The grantee agency systematically tracked, on a spreadsheet, the percent of inquiries from each referral source that resulted in an *eligible* IDA participant. In this way it was able to determine which partner organizations provided the highest number of eligible referrals and to focus on developing stronger relationships with those specific organizations. This has led to more efficient, targeted outreach.

9.5 Implementing a Financial Literacy Curriculum

Why is this important? *Across the country, IDA projects have found that financial education is not just a component of an IDA project. In many ways, it is the essence of the experience. The IDA account is the incentive, but the financial education gives participants the wherewithal to turn their lives around.*

Developing and implementing a financial literacy curriculum was one of the most challenging aspects of developing an IDA project in the sites we visited. Unless an organization has specifically focused on asset-building or financial literacy, there is usually little in-house expertise on the subject. How to proceed? Two alternative approaches are illustrated by the examples below.

- ***Investing the time and effort to develop a financial literacy curriculum in-house.*** At the ***Bronx*** site, staff members initially hoped to use some existing financial literacy curriculum. After researching what was available, the organization decided that none of the existing packages entirely met the needs of its clientele. Ultimately staff members developed a money management course themselves, drawing upon the best ideas from existing curricula as well as from their own ideas. AFIA project participants had nothing but praise for the money management course. They particularly liked that it was wide-ranging, beginning with an exploration of personal attitudes about money. Many accountholders noted that participation in this course led them to think more deeply about their future and to undertake other positive changes in their lives. Developing this course was not a one-time effort. Staff members have spent substantial time to review and refine the course several times since its inception. The organization is exploring ways to recoup some of its investment by marketing the course to other audiences, perhaps by offering it on a fee-for-service basis. Before undertaking the considerable "startup cost" of developing a curriculum in-house, consider carefully if your organization has the capacity to undertake such an investment, and if the investment can pay off in ways beyond the immediate needs of the IDA project.
- ***Out-sourcing the development and/or delivery of the financial literacy curriculum.*** In contrast, the ***New Orleans*** site realized that it lacked the staff to develop or deliver a curriculum in-house. However, the IDA Collaborative Advisory Board, composed of staff from the grantee agency and three partner banks, *did* have ideas about what topics should be covered and how. They chose to contract out this project component and developed an RFP for curriculum development and delivery. Ultimately two organizations were selected, a credit counseling agency and a homeownership promotion agency. The two worked together to develop the curriculum according to the Advisory Board's specifications. Together they deliver the training and are reimbursed on a per-student basis by the project. The project staff are satisfied with the result. Additionally, the two contracted organizations have become the AFIA project's most active referral sources.

9.6 Maintaining Participant Motivation

Why is this important? *Getting someone to open an IDA account is the easy part. The hard part is helping participants maintain the discipline of saving, month in and month out. Practitioners know that a participant's motivation is among the most important factors in his or her IDA success – perhaps even more important than income. An organization's success in helping participants "stay the course" can make all the difference in whether they succeed.*

Among the biggest hurdles that IDA staff must help participants overcome is the belief that attaining the savings goal is not doable. Even the most driven self-starters can suffer from fear and isolation. Many are the only ones in their social circles to have opened an IDA, and they feel as if they are "going up against the financial system" alone. Specific ways to support participants are described below.

- ***Peer support is a powerful tool to maintain participants' motivation.*** "Hand-holding," pep talks, and communal get-togethers are invaluable to help participants believe in themselves. The ***Williamsburg*** site, for example, organized a group field trip to a local flea market as an exercise in controlled spending. The ***Pittsburgh*** site adopts a more formal approach, with drop-in peer support meetings approximately every three weeks. At these sessions, IDA participants can discuss issues of common concern, hear from experts on "follow-on" topics such as home maintenance, and listen to "graduates" talk about how attainment of their goal has changed their lives.

9.7 Leveraging Financial Resources

Why is this important? *The administrative requirements of an IDA project can be surprisingly time-consuming, yet the funding available for these tasks is typically very constrained. To keep all the balls in the air – providing the services clients need, while maintaining a tight and well-run operation – it is essential to find creative ways to make administrative dollars go further.*

Typically most IDA funding is earmarked as match money, while administrative funding is very tight. Grantees cope with this in a number of ways. Some simply make do with less, keeping the essential activities afloat at the cost of staff burnout and slippage in non-essential activities – hardly desirable for anyone involved. Others have succeeded in obtaining funding from a variety of sources for *one* IDA project. Yet other organizations are large enough to support at least part of the IDA administrative functions from internal budgets. We highlight a different strategy below: leverage funding sources by operating several IDA projects at once. Several examples are described below.

- ***Developing "critical mass" by operating several IDA projects at once.*** Three sites were operating other IDA projects concurrently with their AFIA-funded project. The ***Milwaukee*** site operated an IDA project funded by the U.S. Department of Health and Human Services' Office of Refugee Resettlement, while the ***Sonoma*** and ***New Orleans*** sites operated Individual Development and Empowerment Account (IDEA) programs with funding from their regional Federal Home Loan Bank. True, this means having to accommodate several different sets of administrative requirements. But many of the activities are common to all IDA projects, and some of these – such as developing a financial literacy curriculum or an account-tracking spreadsheet system – take nearly the same amount of effort whether undertaken for many participants or few. The beauty of attaining "economies of scale" is that it becomes worthwhile to undertake administrative activities that would be hard to justify for a small project. Moreover, while the funding streams are kept separate, the *expertise* that is developed knows no such project boundaries and benefits all participants. Clearly this strategy should be considered carefully. It is most appropriate where the staff capacity exists (or can be developed), and there is a strong organizational commitment to IDAs.

9.8 Conclusion

The practices highlighted here are not magic bullets that will ensure success if replicated. Virtually all of the sites we visited were doing at least some things very well, and we highlight them here in the belief that there is much to learn from them. Even if one part of a project is struggling, another part may be going very well, and bears mention. By short-term indications, some sites have succeeded in combining effective approaches on several project dimensions. Specifically, the Bronx and New Orleans sites have filled all of their funded slots, and have waiting lists.[59]

Why might this be so? What are they doing right? Clearly, a strong project must have not just one or two "right things" in place, but many. Strong recruitment, strategic partnerships, adequate and appropriate staffing – these are all examples of *necessary* factors, but none of those factors alone is *sufficient* for a strong project. Therefore, as practitioners seek to learn from the promising practices outlined below, it is important to remember that each of the promising practices is but *one* ingredient in the overall "recipe for success."

Each year the number of IDA projects grows. Compared to the IDA "pioneers" of the early 1990s, new IDA projects today have a wealth of knowledge and accumulated experience to draw upon. Yet while the field has grown, it remains small and informal enough that most projects are eager to share their experiences with those facing similar dilemmas. As IDA old-timers well know, operating an IDA project is not easy. But as these promising practices suggest, the number of challenges is matched only by the vigor and creativity of practitioners across the country in handling them.

[59] There is, of course, the longer-term measure of the share of participants that actually attain their savings goal, but it is too early to comment on long-term project success at this point.

Appendix A

Burbank Housing Sweat Equity Program

Burbank Housing Sweat Equity Program